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Zurich Financial Services

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Dear Sir or Madam

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Enclosed herewith please find the English version of the news release regarding the Half Year Results 2005:

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• "Zurich reports strong results in the first half of 2005 with an increase in net income of 21% to USD 1.8 billion", dated August 18, 2005.

Please find enclosed the following additional documents:

- Group Financial Review and Segmental Financial Analysis
- Consolidated Financial Statements
- Financial Highlights
- Financial Supplements 2005
- Analysts Presentation
- Media Presentation

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Should there be any queries or comments please do not hesitate to contact us.

Yours sincerely Zurich Financial Services

Raffaella Russi

Enclosure

News Release





Zurich reports strong results in the first half of 2005 with an increase in net income of 21% to USD 1.8 billion

Zurich Financial Services

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Investor Relations

Phone +41 (0)44 625 22 99 Fax +41 (0)44 625 36 18 investor.relations@zurich.com Zurich, August 18, 2005 – Zurich Financial Services Group (Zurich) reports a record operating performance for the first half of 2005. Robust underwriting management, tight expense controls and a strong balance sheet underpin the Group's ability to deliver on its strategy and generate attractive shareholder returns. Performance highlights include:

- Net income¹ of USD 1,799 million, an increase of 21%² and a return on equity (ROE)³ of 18.4% (annualized); earnings per share (diluted) of CHF 14.77, an increase of 15%
- Business operating profit (BOP) of USD 2,305 million, an increase of 17% and an annualized BOP ROE³ after tax of 16.5%
- Gross written premiums in General Insurance of USD 18.6 billion, an increase of 1% and a combined ratio of 96.9%
- Gross written premiums and policy fees in Life Insurance stable at USD 5.5 billion; new premiums written (APE) of USD 1.1 billion, an increase of 4%, and new business profit margin of 10.9%, an increase of 1.2 percentage points
- Management fees and other related revenue at Farmers Management Services of USD 1.0 billion, an increase of 4%, and business operating profit of USD 609 million, an increase of 10%
- Group investments achieved net investment income of USD 4.0 billion, an increase of 10%, and total investment return of 3.4% (not annualized)

James J. Schiro, Chief Executive Officer of Zurich, said: "We are pleased to see that the quality of our results has improved with all core businesses and Group investments contributing to the bottom line. Key drivers of our strong performance were customer focus, operational excellence, and talent development."



Zurich's focus on financial and operational discipline and improved underwriting and claims management are reinforcing the Group's competitive position. In General Insurance, Zurich is strategically well positioned to maintain profitability on the strength of its diversified portfolio, while maintaining its conservative stance on reserving. The Group achieved a strong underwriting performance in Europe General Insurance, which focuses on personal lines, and North America Commercial with its primary focus on small and medium enterprises. In line with the Group's profitable growth strategy, the overall General Insurance portfolio has been rebalanced to expand Zurich's presence in lines of business with more attractive returns.

In Life Insurance, the introduction of new products and the changes made to the business model in the last two years continue to generate positive results. The half-year performance is based on excellent results particularly in Germany and Switzerland, but also the emerging recovery in the United Kingdom. On June 1, Openwork was successfully launched. It is the largest multi-tied network in the UK, and sales of life insurance products are already very encouraging.

Going forward, the strategy is to focus on superior customer service. A strong and well recognized brand is vital for Zurich's presence in global markets. The breadth of the Group's products and its attention to service quality contribute to high customer retention in the Global Corporate business. The Group's sophisticated underwriting and robust customer segmentation enhance also the profitability of its personal lines business. Through The Zurich Way of transferring best practices and promoting improvements in all technical areas, the Group is creating a foundation for future earnings growth. The initiatives of The Zurich Way are expected to



generate operating improvements in General and Life Insurance of USD 500 million in 2005. After six months, these initiatives are well on track to do so.

Segment performance²

General Insurance. The segment's operating performance was strong on continued process improvements and the increased scale of shared services platforms. Business operating profit increased 10% to USD 1,384 million. All core businesses achieved positive underwriting results.

In Europe General Insurance, smaller losses and better expense controls generated a sizeable improvement in the net underwriting profit, which increased 117% to USD 321 million. The region's shared services initiative generated tangible benefits and laid a foundation for sustained improvements in the future. North America Commercial also contributed a much improved performance with the net underwriting profit amounting to USD 109 million. The strong performance in Europe General Insurance and North America Commercial more than compensated for the lower net underwriting result of USD 83 million in Global Corporate, which was affected by higher than average claims related to fire and flooding in Europe. Gross written premiums and policy fees in International Businesses increased 3% to USD 1.5 billion mainly on strong growth in South Africa, Japan and Australia and the division's net underwriting profit was USD 45 million.

In a competitive market General Insurance gross written premiums and policy fees grew 1% to USD 18.6 billion in the half year. After adjusting for currency translation effects and divestments of businesses, they declined 1%, while net earned premiums increased like-on-like by 4% to USD 13.9 billion. The top line movements reflect the retention of attractive business as



well as Zurich's commitment to pricing discipline and the Group's strategic management of profitable opportunities in selected lines of business.

Life Insurance. The segment's business operating profit rose 22% to USD 536 million in the half year and the new business profit margin rose to 10.9%, an improvement of 1.2 percentage points.

New premiums written (using the industry standard measure Annual Premium Equivalent – APE) increased 4% to USD 1.1 billion. This growth was driven by a strong performance in Europe, while new production at Farmers New World Life, which is owned and consolidated by the Zurich Group, was essentially stable in a declining market.

Farmers Management Services. Farmers Management Services continued to benefit from higher revenue as a result of earned premium growth in the Farmers Exchanges (which Zurich manages but does not own) and increased investment income on a higher asset base. Fee income grew 4% to USD 1.0 billion and business operating profit increased 10% to USD 609 million. The Exchanges improved their combined ratio 3.3 percentage points to 94.4%. They contributed USD 320 million to surplus in the first half year, bringing total surplus growth to USD 783 million since January 1, 2004, which is more than three quarters of their three-year USD 1 billion commitment.

Other Businesses. Business operating profit in the Other Businesses segment, which can fluctuate from quarter to quarter, was USD 158 million mainly due to the strong result of Farmers Re, the unit providing reinsurance services to the Farmers Exchanges. The Centre businesses achieved a business operating profit of USD 10 million. The Group continues to expect the run off of Centre to be neutral over time.



Investment performance. Net investment income from Group investments increased 10% to USD 4.0 billion. Including net realized and unrealized capital gains and losses, the total return on average Group investments was 3.4% (not annualized) for the half year compared with 1.7% in the first six months 2004. Capital gains reflect both an active realization strategy and mark-to-market revaluations of investments. The investment performance was achieved in an environment of strong equity markets, rising short-term interest rates and declining bond yields. It benefited from positive currency translation effects and strengthened expense discipline.

- ¹ Attributable to shareholders.
- ² Comparisons refer to the first six months of 2004 (restated for new and revised IFRS), unless stated otherwise. Interim results are not indicative of full-year results.
- ³ ROE calculated on common stockholders' equity. See the Financial Supplements and the Group Financial Review on the Investor Relations page of our Web site www.zurich.com for further information on shareholders' and common stockholders' equity.

Note to editors:

There will be a media conference at 10 a.m. CET at the Zurich Development Center, Keltenstrasse 48, Zurich.

The conference call with analysts and investors will be audio webcast on our Web site www.zurich.com live from 1 p.m. CET followed by a webcast playback available after 7 p.m. CET.

The media presentation and the presentation for analysts and investors as well as supplemental information will be available on our Web site www.zurich.com. Please click on the "Half Year Results 2005 – Media view" button on the bottom right corner of our homepage.

Zurich Financial Services is an insurance-based financial services provider with a global network that focuses its activities on its key markets in North America and Europe. Founded in 1872, Zurich is headquartered in Zurich, Switzerland. Zurich has offices in more than 50 countries and employs about 57,000 people.



Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2005 and 2004 and the financial position as of June 30, 2005 and as of December 31, 2004. The 2004 amounts have been restated for the implementation of new and revised accounting standards. Certain prior year amounts have also been reclassified to conform to the 2005 presentation. Interim results are not indicative of full-year results.

Consolidated operating statements			
in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	25'954	26'356	(2%
Net investment result	9'479	6'058	56%
Business operating profit	2'305	1'978	179
Net income attributable to shareholders	1'799	1'484	219
Consolidated balance sheets			
in USD millions, as of	6/30/2005	12/31/2004	Chang
Total investments	273'799	282'155	(3%
Reserves for insurance contracts Reserves for insurance contracts and liabilities related to	219'807	227'087	(3%
investment contracts	257'220	267'133	(4%
Senior and subordinated debt	5'993	5'871	29
Shareholders' equity	21'934	20'670	69
for the six months ended June 30 Business operating profit (in USD millions) Combined ratio	2005 1'384 96.9%	2004 1'260 96.6%	Chang 10% (0.3 pts
Life Insurance key performance indicators			(-:- <u> </u> -:-
for the six months ended June 30	2005	2004	Chang
Business operating profit (in USD millions)	536	440	22%
New business profit margin (as % of APE)	10.9%	9.7%	1.2 pt
Return on common stockholders' equity (ROE)			
returns for the periods ended	6/30/2005	06/30/2004	12/31/0
Return on common stockholders' equity (ROE) Business operating profit (after tax) return on common	18.4%	18.5%	13.49
stockholders' equity	16.5 <u>%</u>	16.7%	12.5%
Per share data			
for the six months ended June 30	2005	2004	Change
Diluted earnings per share (in CHF)	14.77	12.84	15%

¹ Returns for the periods ended June 30, 2005 and 2004 are annualized on a compound basis using the results for the six months ended June 30. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. Performance measures for 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.



Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives. Forward-looking statements include statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing conditions, dividend policy and underwriting claims improvements. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and Zurich Financial Services' plans and objectives to differ materially from those expressed or implied in the forward looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in our key markets; (ii) performance of financial markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of operations and on whether Zurich Financial Services will achieve its targets. Zurich Financial Services undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

This communication is directed only at persons who (i) have professional experience in matters relating to investments or (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not indicative of the full year results.

Persons requiring advice should consult an independent adviser.



Amounts for 2004 have been restated for the implementation of several new and revised accounting standards within the International Financial Reporting Standards (IFRS) framework, which became effective January 1, 2005. Details are set out in the section "Basis of Presentation". Amounts for 2004 have also been restated to conform to the current presentation of our segments.

Group Highlights

Zurich Financial Services Group (the Group) recorded net income attributable to shareholders of USD 1,799 million in the first six months of 2005, an increase of 21% over the same period in 2004, generating an annualized return on common stockholders' equity (ROE) of 18.4%. Business operating profit improved by 17% to USD 2,305 million. This was achieved in increasingly competitive markets, resulting in essentially flat premiums, and demonstrates the improvements we have made to our core processes and underwriting discipline.

General Insurance continued to deliver strong underwriting results in 2005 benefiting from its diversification. This performance was particularly evident in Europe General Insurance and North America Commercial. Life Insurance showed positive development and improved underlying performance in substantially all operations. Farmers Management Services continued to deliver growth in fee income and increased business operating profit benefiting from the further growth of gross earned premiums in the Farmers Exchanges, which we manage but do not own. Other Businesses contributed strong results following the management actions taken in 2004 and 2003 to reduce our exposure to the risks in certain of these operations.

Diluted earnings per share for the first six months 2005 rose 15% to CHF 14.77 compared with CHF 12.84 for the same period in 2004. ROE of 18.4% (annualized) increased by 5.0 percentage points over the full-year return for 2004. Our after-tax business operating profit return on common stockholders' equity was 16.5% (annualized), an increase of 4.0 percentage points compared with the return for the full year 2004.

Performance highlights in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	25,954	26,356	(2%)
Net investment result ¹	9,479	6,058	56%
net of policyholder dividends and participation in profits	4,245	3,658	16%
Business operating profit	2,305	1,978	17%
Net income before shareholders' taxes	2,646	2,268	17%
Net income attributable to shareholders	1,799	1,484	21%
General Insurance combined ratio	96.9%	96.6%	(0.3 pts)
Life Insurance new business profit margin (as % of APE)	10.9%	9.7%	1.2 pts
Diluted earnings per share (in CHF)	14.77	12.84	15%
returns for the period ended ²	06/30/05	06/30/04	12/31/04
Return on common stockholders' equity (ROE) ²	18.4%	18.5%	13.4%
Business operating profit (after tax) return on common stockholders' equity ²	16.5%	16.7%	12.5%

¹ Net investment result includes net investment income and net capital gains on investments and impairments.

Interim results are not indicative of full-year results.

Performance Overview

Gross written premiums and policy fees Gross written premiums and policy fees of USD 26.0 billion in the first half of 2005 declined by 2%, while in local currency there was a decrease of 4%. In General Insurance, premiums rose 1% but, after adjusting for currency translation effects and divestments of businesses, premiums decreased by 1%. This reflects that volumes have decreased in certain competitive lines of businesses, as we have chosen not to write business that does not meet our technical price targets. On a similar basis, net earned premiums increased by 4%, which is due to the effect of higher premium retention reflecting the reduction in our reinsurance programs as our balance sheet has strengthened. Gross written premiums and policy fees in Life Insurance remained level in US dollars and increased by 3% after adjusting for the effects of the redesign of the group pension business model in Switzerland in 2004, the sale of certain life operations and currency translation effects. Gross written premiums in Other Businesses declined by 24% mainly resulting from a net reduction of assumed reinsurance in Farmers Re.

Returns for the periods ended June 30, 2005 and 2004 are annualized on a compound basis using the results for the six months ended June 30. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. Performance measures for 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.



Business operating profit

Business operating profit increased by USD 327 million, or 17%, in the first six months of 2005 to USD 2.3 billion. The business performance was driven by all our business segments.

- General Insurance remains an attractive and profitable business recording an increase in business operating
 profit from USD 1,260 million to USD 1,384 million in the first six months of 2004 and 2005, respectively. The
 strong underwriting performance in Europe General Insurance and North America Commercial was partially
 offset by Global Corporate and Centrally Managed Businesses.
- Life Insurance business operating profit increased by USD 96 million to USD 536 million. The improved performance reflects the successful distribution of profitable products, increased investment income as well as reduced operating expenses, particularly in continental Europe.
- Farmers Management Services increased business operating profit by USD 53 million, or 10%, to USD 609 million mainly due to the growth in management fees driven by the premium growth of the Farmers Exchanges, which we manage but do not own.
- Other Businesses recorded business operating profit of USD 158 million, an improvement of USD 123 million compared to USD 35 million in the first half of 2004. Most operations contributed to this positive result following the management actions taken in 2004 and 2003 to reduce our exposure to the risks in certain of these operations.
- Corporate Functions, which support the Group through funding and governance oversight, improved its
 investment performance and other revenues but experienced unfavorable foreign currency development. As a
 result, business operating loss increased by USD 69 million to USD 382 million in the first half of 2005.
- Net investment income on Group investments was USD 4.0 billion, an increase of 10% over the same
 period of 2004, contributing to the business operating profit of each segment. This net investment income
 excludes income earned for unit-linked products of USD 1.0 billion for which the investments are managed on
 behalf of and at the risk of policyholders.
- Business operating profit (after tax) return on common stockholders' equity improved by 4.0 percentage points to 16.5% (annualized) in the first six months of 2005, compared with 12.5% for the full year 2004.

Net income attributable to shareholders

Net income attributable to shareholders increased by USD 315 million, or 21%, to USD 1.8 billion in the first six months of 2005 compared with USD 1.5 billion in the same period of 2004. In addition to the factors mentioned above for business operating profit, net income attributable to shareholders was influenced by the following:

- Net capital gains on investments and impairments from Group investments increased by USD 747 million
 to USD 1.0 billion. These gains, which are substantially distributed to life policyholders, primarily resulted from
 the continued strong performance of both bond and equity markets.
- The effective tax rate on net income attributable to shareholders was 29.9% compared with 32.2% for the first six months of 2005 and 2004, respectively. The Group's overall effective income tax rate includes the impact of income tax expenses attributable to policyholders in certain jurisdictions and increased by 5.8 percentage points to 39.0% for the first six months of 2005.

ROE

Our **return on common stockholders' equity (ROE)** improved by 5.0 percentage points to 18.4% (annualized) for the first six months of 2005 compared with a return of 13.4% for the full year 2004.

Diluted EPS

Diluted earnings per share, reflecting the increase in net income, improved by 15% to CHF 14.77 in the first six months of 2005 compared with CHF 12.84 in the same period 2004.

Balance sheet highlights

Balance sheet highlights

in USD millions, as of	06/30/05	12/31/04	Change
Group investments	188,533	196,457	(4%)
Investments for unit-linked products	85,266	85,698	(1%)
Total investments	273,799	282,155	(3%)
Gross reserves for insurance contracts, excluding unit-linked products	167,147	176,239	(5%)
Gross reserves for unit-linked insurance products	52,660	50,848	4%
Total gross reserves for insurance contracts	219,807	227,087	(3%)
Liabilities for investment contracts (primarily unit-linked)	37,413	40,046	(7%)
Total financial debt and equity	28,714	27,381	5%

Following the announcement of the divestment of Universal Underwriters Group (UUG), assets and liabilities relating to that business have been segregated as assets and liabilities held for sale in the Consolidated Balance

- Total investments decreased by USD 8.4 billion, or 3%, during the first six months of 2005, mainly due to foreign currency translation effects of USD 19.0 billion and the impact from UUG of USD 1.2 billion. These decreases were partially offset by net new investments from positive operating and financing cash flows and increases in fair market values.
- Since the year end 2004, gross reserves for insurance contracts excluding unit-linked products decreased by USD 9.1 billion driven by foreign currency translation effects (USD 12.3 billion) and the effect of UUG (USD 2.6 billion), partially offset by increased unearned premium reserves in General Insurance reflecting the seasonality of renewals in the first six months of 2005.
- Total financial debt and equity increased by USD 1.3 billion to USD 28.7 billion. The increase in shareholders' equity mainly resulted from our profit in the first six months of 2005 and increased net unrealized gains on investments not recognized in the operating statement. These positive impacts were partially offset by unfavorable currency translation effects and the nominal value reduction of common stock distributed to shareholders. Furthermore, financial debt increased by a new bond issue of EUR 500 million in June 2005 under the Group's Euro Medium Term Note Programme (EMTN Programme).

Measuring Business Performance

Business operating profit

We manage our business units on their underlying performance using the measure of business operating profit. Business operating profit eliminates the impact of financial market volatility and other non-operational variables enabling us to assess the underlying performance of each business.

Business operating profit reflects adjustments to net income before shareholders' taxes for net capital gains on investments and impairments (excluding capital markets and banking activities included in Other Businesses and certain securities held for specific economic hedging purposes), policyholders' share of net capital gains on investments for the life business, and significant items arising from special circumstances including gains and losses on divestments of businesses. Business operating profit is not a substitute for net income as determined in accordance with IFRS.

Reconciliation of net income before shareholders' taxes to business operating profi in USD millions, for the six months ended June 30	2005	2004
Net income before shareholders' taxes	2,646	2,268
Adjusted for:		
Net capital gains on investments and impairments, excluding capital markets and banking activities and certain securities held for specific economic hedging purposes	(4,270)	(1,578)
Policyholder allocation of net capital gains on investments, including unit-linked products	3,952	1,338
Net income attributable to minority interests	(56)	(54)
Net loss on divestments of businesses	13	14
Restructuring provisions and other	20	(10)
Business operating profit	2,305	1,978

Key Performance Indicators

ROE

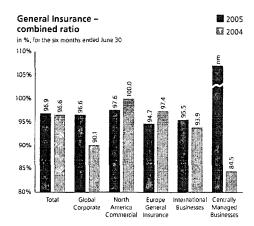
Our stated goal in the medium term is to achieve a blended return on equity of 12% on an after-tax business operating profit basis. A higher return on equity in one segment can compensate for lower returns in others allowing the Group to meet the stated 12% overall target rate. Returns on equity generated by General Insurance, Life Insurance and Farmers Management Services also compensate for certain headquarters expenses, financing costs and any net operating losses from other operations.

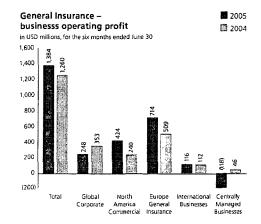
Our return on common stockholders' equity (ROE) for the half year 2005 was 18.4% (annualized), and our after-tax business operating profit return on common stockholders' equity amounted to 16.5% (annualized).



General Insurance

We consider the combined ratio and business operating profit to be the key performance indicators for our General Insurance operations.



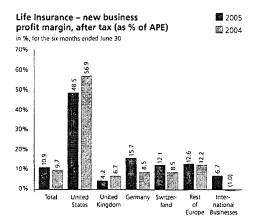


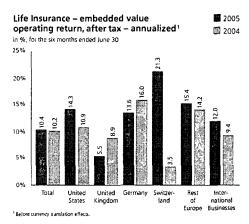
Overall, the combined ratio increased by 0.3 percentage points to 96.9% over the first half of 2004 reflecting net underwriting profits of USD 437 million for the first half of 2005 compared with USD 445 million in the first half of 2004. The **combined ratio** was positively impacted by our strong underwriting performance in Europe General Insurance and North America Commercial, which was offset by large claims in Global Corporate as well as an underwriting loss of USD 135 million in Centrally Managed Businesses arising from a few specific claims in the first six months of 2005.

Business operating profit was affected by these same factors but increased by USD 124 million to USD 1.4 billion in 2005 reflecting higher investment income. Our customer segments North America Commercial and Europe General Insurance recorded increases in business operating profit of 77% and 40%, respectively.

Life Insurance

We consider new business profit margin, embedded value operating return after tax, and business operating profit to be the key performance indicators for our Life Insurance operations.





New business profit, after tax increased by USD 18 million from USD 104 million to USD 122 million, which is reflected in the improvement of the **new business profit margin, after tax** of 1.2 percentage points from 9.7% to 10.9% in the first half of 2004 and 2005, respectively. This improvement was mainly driven by higher profitability of new life business in Germany.

Embedded value operating return, after tax and before currency translation effects (annualized) increased by 0.2 percentage points to 10.4% for the first half of 2005 reflecting an improvement in Switzerland, offset by lower returns in the United Kingdom as it repositioned.

Business operating profit for Life Insurance increased by 22% to USD 536 million in the first half of 2005 with improvements in our businesses in Europe, in particular Switzerland and Germany.

Life Insurance – business operating profit			
in USD millions, for the six months ended June 30	2005	2004	Change
United States	105	102	3%
United Kingdom	88	145	(39%)
Germany	55	18	206%
Switzerland	156	83	88%
Rest of Europe	91	72	26%
International Businesses	41	20	105%
Total	536	440	22%

Farmers Management Services

We consider management fees, business operating profit and gross operating margin to be the key performance indicators for our Farmers Management Services segment, which are driven by the gross earned premiums of the Farmers Exchanges.

Farmers Management Services			
in USD millions, for the six months ended June 30	2005	2004	Change
Management fees and other related revenue	1,020	980	4%
Business operating profit	609	556	10%
Gross operating margin	52.6%	53.3%	(0.7 pts)
Gross earned premiums of the Farmers Exchanges ¹	7,147	6,943	3%

¹ Which we manage but do not own.

Currency Translation Impact

The Group operates worldwide in multiple currencies and seeks to match its foreign exchange exposures on an economic basis. However, because the Group has chosen the US dollar as its presentation currency, differences arise when local functional currencies are translated into the Group's presentation currency.

The tables below show the currency translation impact on selected balances included within our Consolidated Operating Statements and Balance Sheets. The final column shows the reported percentage change in these balances. The principal exchange rates are set out in note 2 to the Consolidated Financial Statements.

Consolidated
Operating
Statements

Currency translation impact	Currency translatio	% change	
Variance over the prior period, for the six months ended June 30, 2005	in USD millions	in %	in USD
Gross written premiums and policy fees	680	2%	(2%)
Net earned premiums and policy fees	549	2%	-
Net income attributable to shareholders	39	2%	21%

Consolidated Balance Sheets

Currency translation impact	Currency translatio	% change	
Variance over December 31, 2004, as of June 30, 2005	in USD millions	in %	in USD
Total investments	(19,017)	(7%)	(3%)
Gross reserves for insurance contracts	(15,244)	(7%)	(3%)
Cumulative translation adjustment in total equity	(849)	(4%)	n/a



Investment Performance

investment result and investments

Total investments as shown in the Consolidated Balance Sheets include Group investments, where the Group bears all or part of the investment risk, and investments for unit-linked products, where policyholders bear the entire investment risk. Investments for unit-linked products include investments held for liabilities related to insurance and investment contracts except such investment policies with discretionary participation features where the investments are managed as part of Group investments.

		Group investments		Investments for unit-linked products		tal
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Net investment income	4,030	3,652	1,040	751	5,070	4,403
Net capital gains on investments and impairments	1,001	254	3,408	1,401	4,409	1,655
Net investment result ¹	5,031	3,906	4,448	2,152	9,479	6,058
in USD millions, as of	06/30/05	12/31/04	06/30/05	12/31/04	06/30/05	12/31/04
Investments	188,533	196,457	85,266	85,698	273,799	282,155

¹ Net investment result, net of policyholder dividends and participation in profits amounted to USD 4,245 million and USD 3,658 million for the six months ended June 30, 2005 and 2004, respectively

We manage our diversified Group investment portfolio to optimize benefits for both shareholders and policyholders while ensuring compliance with local regulatory and business requirements under the guidance of our Asset/Liability Management and Investment Committee. Investments for unit-linked products, whether classified as insurance or investment policies, are managed in accordance with the investment objectives of each unit-linked fund.

Group investment performance

Investment performance of Group investments

in USD millions, for the six months ended June 30	2005	2004	Change
Net investment income	4,030	3,652	10%
Net capital gains on investments and impairments	1,001	254	294%
Net investment result	5,031	3,906	29%
Movements in net unrealized gains on investments included in shareholders' equity	1,239	(1,159)	nm
Total investment result	6,270	2,747	128%
Average investments ¹	187,699	175,124	7%
Total return ^{1,2}	3.4%	1.7%	1.7 pts

Excluding average cash received as collateral for securities lending of USD 4,797 million and USD 2,842 million in 2005 and 2004, respectively.

Net investment income for Group investments increased by 10% to USD 4.0 billion from USD 3.7 billion. This improvement was driven by higher short-term interest rates in the US, positive currency translation effects, and enhanced expense discipline.

Net capital gains on investments and impairments for Group investments increased to USD 1,001 million in the first six months of 2005 compared with USD 254 million in the same period of 2004. These gains, which are substantially distributed to life policyholders, primarily resulted from lower long-term interest rates and stronger equity markets.

The total investment return for Group investments in the first six months of 2005 was 3.4% compared with 1.7% in the same period of 2004. This return includes investment income, net capital gains on investments in the Consolidated Operating Statement and movements in unrealized gains recorded in shareholders' equity. This total investment result after investment expenses for the first six months of 2005 was USD 6.3 billion compared with USD 2.7 billion in the same period of 2004. This primarily resulted from declining long-term interest rates, particularly in the euro zone and the United Kingdom, and stronger equity markets, which resulted in higher unrealized capital gains included in shareholders' equity in the first half of 2005 compared with losses in 2004.

A breakdown of total investments into Group investments and investments for unit-linked products is provided in our Financial Supplement to the Half Year Results Reporting 2005 on our website www.zurich.com.

Reserves for Losses and Loss Adjustment Expenses

Development of reserves for losses and loss adjustment expenses in USD millions	2005	2004	Change
As of January 1 (opening balance)	***************************************		**************************************
Gross reserves for losses and loss adjustment expenses	57,765	51,007	13%
Reinsurers' share	(14,278)	(14,036)	2%
Net reserves for losses and loss adjustment expenses	43,487	36,971	18%
Net losses and loss adjustment expenses incurred			
Current period	10,896	10,230	7%
Prior years	97	656	(85%)
Total net losses and loss adjustment expenses incurred	10,993	10,886	1%
Total net losses and loss adjustment expenses paid	(8,763)	(8,451)	4%
Divestments of companies and businesses, including transfer to assets and liabilities held for sale	(1,083)	(394)	175%
Currency translation effects	(2,083)	(517)	303%
As of June 30 (closing balance)			
Net reserves for losses and loss adjustment expenses	42,551	38,495	11%
Reinsurers' share	14,475	13,908	4%
Gross reserves for losses and loss adjustment expenses	57,026	52,403	9%

We establish reserves for losses and loss adjustment expenses, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty and requiring the use of informed estimates and judgments. Any changes in estimates are reflected in the operating statement in the period in which estimates are changed.

Of the total USD 42.6 billion net reserves for losses and loss adjustment expenses USD 38.4 billion related to General Insurance and USD 4.2 billion to other segments as of June 30, 2005. In line with IFRS 5, USD 1.1 billion of net reserves for losses and loss adjustment expenses in respect of Universal Underwriters Group have been segregated as assets and liabilities held for sale.

Through our Zurich Way of Reserving, initiated in 2004, we have strengthened our reserve governance process, integrated our actuarial function, and applied a best practice actuarial approach which includes more internal and external reviews. In aggregate, in the first six months of 2005, we have increased reserves for prior years by USD 97 million relating to the ongoing settlement and reassessment of a few specific claims.

Capitalization and Indebtedness

in USD millions, as of	06/30/05	12/31/04	Change
Collateralized loans	3,504	4,135	(15%)
Debt related to capital markets and banking activities	3,164	3,880	(18%)
Obligation to repurchase securities	5,761	5,009	15%
Total operational debt	12,429	13,024	(5%)
Senior debt	2,996	3,355	(11%)
Subordinated debt	2,997	2,516	19%
Total financial debt	5,993	5,871	2%
Minority interests	787	840	(6%)
Shareholders' equity	21,934	20,670	6%
Total equity	22,721	21,510	6%
Total financial debt and equity	28,714	27,381	5%





Operational debt

Indebtedness

As of June 30, 2005 **total operational debt** was USD 12.4 billion, a decrease of USD 0.6 billion since December 31, 2004. USD 3.5 billion of collateralized loans were secured by mortgage loans of the same amount given as collateral to counterparties compared with USD 4.1 billion as of December 31, 2004. Debt relating to capital markets and banking activities decreased by USD 716 million arising mainly from the continued winding down of business in Zurich Capital Markets, which is included in Other Businesses. Our obligation to repurchase securities increased by USD 752 million in the first six months 2005 to USD 5.8 billion, resulting from increased short-term activities in the Repo market in the normal course of business as part of our investment and liquidity management.

Financial debt

The increase in **total financial debt** of USD 122 million, or 2%, resulted primarily from a new bond issue and was partially offset by currency translation effects. On June 15, 2005, Zurich Finance (USA), Inc. issued a 4.5% EUR 500 million bond under the Group's EMTN Programme, guaranteed by Zurich Insurance Company on a subordinated basis. The bond is due in 2025 and is callable from June 15, 2015. The coupon is fixed until June 15, 2015, and will then become floating at the three month Euribor plus a spread of 2.2%. In line with the Group's policy of managing its interest rate risk and foreign currency exposure, cross-currency interest rate swaps have been used for fair value hedging of this debt until the first call date. After taking into account the cross-currency interest rate swaps, this issuance has become a floating rate US dollar obligation, with a variable rate coupon being reset every six months.

The size of the Group's EMTN Programme, which allows for the potential issuance of senior and subordinated notes, was increased on March 10, 2005 from a maximum of USD 4 billion to a maximum of USD 6 billion.

Credit facilities

The Group has access to a syndicated revolving **credit facility** of USD 3 billion which was put in place in April 2004. This credit facility consists of two equal tranches maturing in 2007 and 2009. Zurich Group Holding, together with Zurich Insurance Company and Farmers Group, Inc. are guarantors of the facility and can draw up to USD 1.25 billion, USD 1.5 billion and USD 250 million, respectively. No borrowings were outstanding under this facility as of June 30, 2005.

Total equity

Total equity in USD millions, for the six months ended June 30, 2005	hareholders' equity	Minority interests	Total equity
As of December 31, 2004, as previously reported	22,181	846	23,027
Total adjustments due to implementation of new and revised IFRS accounting standards	(1,511)	(6)	(1,517)
As of December 31, 2004, restated	20,670	840	21,510
Write-off of negative goodwill (IFRS 3)	23		23
Change in net unrealized gains on investments excluding translation adjustments	ents 654	11	665
Translation adjustments	(738)	(111)	(849)
Nominal value reduction of common stock	(449)	_	(449)
Share-based payment transactions	(4)	-	(4)
Net income	1,799	56	1,855
Dividends on preferred securities	(21)	(12)	(33)
Net changes in capitalization and minority interests		3	3
As of June 30, 2005	21,934	787	22,721

Shareholders' equity

Shareholders' equity increased by USD 1.3 billion to USD 21.9 billion as of June 30, 2005. This rise resulted mainly from our net income attributable to shareholders for the first six months of 2005 and the increase of net unrealized gains on investments not recognized in the operating statement. These positive impacts were partially offset by unfavorable currency translation effects and the nominal value reduction of common stock by CHF 4 per registered share, which was paid to common stockholders on July 4, 2005.

Minority interests

Minority interests under revised IAS1 are included as a component of total equity whereas previously they were presented as a separate item between liabilities and equity. The reduction in **minority interests** of USD 53 million, or 6%, resulted primarily from currency translation effects which were partially offset by net income attributable to minority interests.

Solvency

Regulated entities of the Group are required to submit returns to their local regulators, usually on an annual basis but in some countries more frequently. These returns show the compliance of the reporting entity with local solvency requirements and include information on eligible funds and admissible assets.

On a consolidated basis, Zurich Financial Services, with headquarters in Zurich, Switzerland, is subject to supervision by the Federal Office of Private Insurance ("FOPI"). Regulatory supervision of the Group for its insurance activities and its remaining banking and other regulated financial services activities, including supervision over consolidated solvency and capital adequacy at a Group level are coordinated between FOPI and the Swiss Federal Banking Commission (based on the Decree on the Consolidated Supervision of the Zurich Financial Services Group of April 23, 2001).

Litigation and regulatory investigations

The Group and its subsidiaries are continuously involved in legal proceedings, claims and litigation arising, for the most part, in the ordinary course of their business operations. The Group and its subsidiaries are also involved in a number of industry-wide civil and criminal investigations issued by State Insurance Departments in the US, State Attorney Generals in the US, the US Attorney's Office for the Southern District of New York, the US Securities and Exchange Commission, other US authorities and supervisory bodies and other non-US authorities regarding certain business practices involving insurance brokers and insurance companies, the purchase and sale of "non-traditional" products, certain reinsurance transactions engaged in by the Group and its subsidiaries, and other matters. The Group has been conducting its own internal reviews with respect to some of these matters and is cooperating fully in these investigations. Various Group subsidiaries are also involved in class action litigation brought by private parties arising out of the matters that are the subject of the investigation regarding business practices involving insurance brokers and insurance customers, and the divestiture of businesses. Such Group subsidiaries intend to defend such actions vigorously.

The outcome of such current legal proceedings, claims, litigation and investigations could have a material effect on operating results and/or cash flows when resolved in a future period. However, in the opinion of management these matters would not materially affect the Group's consolidated financial position.

Transactions

Divestments and acquisition

In the six months ended June 30, 2005, the Group completed the sale of its interest in Zurich National Life Assurance Company Limited in Thailand to National Finance Public Company Limited, the sale of its majority interest in ZC Sterling Corporation to Trident III, L.P., and the acquisition of the life business portfolio of ING Insurance Argentina.

In addition, on April 13, 2005, the Group completed the sale of a stake of 10% of the total issued share capital of South African Eagle Insurance Company Limited, a majority-owned subsidiary, to Royal Bafokeng Finance in support of Black Economic Empowerment in South Africa.

For the six months ended June 30, 2005, the Group recognized a net loss of USD 13 million before tax for divestments of businesses and adjustments to divestments in prior periods compared with USD 14 million in the same period in 2004.

On April 4, 2005, the Group announced the sale of Universal Underwriters Group (UUG) to an investor group led by Hellman & Friedman LLC. The assets and liabilities of UUG have been classified as held for sale as of June 30, 2005 in accordance with IFRS 5. We, together with the purchaser, continue to work towards a number of pre-closing conditions which need to be satisfied prior to the closing of the transaction.

Pension plans in Switzerland

On June 16, 2005, the Boards of Trustees of the pension plans for the Group's employees based in Switzerland adopted new pension plan arrangements that reflect the changed economic and demographic environment. The principal changes to the pension plans, which become effective January 1, 2006, are the conversion from a defined benefit to a defined contribution system and that the pension plans become autonomous. Employees will transfer to the new arrangements, and future benefits at normal retirement for current active participants are targeted to be similar to those under the present arrangements. However, following a transition period of three years, the current additional benefits that are provided on early retirement will gradually be phased out over a nine-year period. While on a statutory basis, significant additional funding is being provided by the Group to support future benefits of the plan, the calculation of the reduced long-term obligation under IAS 19 resulted in a one-time non-cash gain of USD 103 million to the business operating profit.





Cash Flows

Summary of cash flows in USD millions, for the six months ended June 30	2005	2004
Cash flows from operating activities		······································
Net income attributable to shareholders	1,799	1,484
Adjustments for:		
Net capital gains on investments and impairments	(4,409)	(1,655)
Net loss on divestments of businesses	13	14
Equity in income of investments in associates	(96)	(85)
Depreciation, amortization and impairments of fixed and intangible assets	220	297
Other non-cash items	(19)	(14)
Changes in operational assets and liabilities ¹	8,505	6,671
Net cash provided by operating activities	6,013	6,712
Net cash used in investing activities	(3,864)	(7,142)
Net cash provided by/(used in) financing activities	1,027	(968)
Effect of exchange rate changes on cash and cash equivalents	(1,199)	(156)
Change in cash and cash equivalents 2,3	1,977	(1,554)
Change in cash received as collateral for securities lending	(800)	5,607
Cash and cash equivalents reclassified to assets held for sale	(458)	-
Cash and cash equivalents as of January 1 ^{3,4}	22,457	15,889
Cash and cash equivalents as of June 30 ^{3,4}	23,176	19,942

¹ Cash flows related to investments held for trading purposes are reflected in "cash flows from operating activities".

4 Including cash received as collateral for securities lending.

Operating cash flow

Our cash flow from operating activities consists of cash flow arising from our insurance businesses, after payments to reinsurers (net premiums, policy fees and deposits received less net claims after recoveries from reinsurers, benefit payments, policy surrenders and operating expenses) and investment income received (dividends, interest and rents) less interest paid and tax payments. Farmers Management Services receives management fees as well as investment income and pays operating expenses and taxes.

Investing cash flow

Surplus operating cash flows, plus the proceeds from the sale and maturity of investments as well as divestments, are reinvested through our investing activities. Our investment funds may be used to fund operating cash flow deficits.

Financing cash flow

Our financing activities result from our corporate funding and borrowing arrangements, capital raising and repayment as well as payments to shareholders.

Net cash provided by operating activities in the first six months of 2005 declined by 10% to USD 6.0 billion. USD 3.9 billion of these funds were used in net investing activities. The remainder plus an additional USD 1.0 billion, raised from net financing activities, were partially offset by negative effects of exchange rate movements on cash and cash equivalents of USD 1.2 billion and together these resulted in a net increase in cash and cash equivalents of USD 2.0 billion. In the same period in 2004, operations provided funds of USD 6.7 billion which were used to invest a net USD 7.1 billion and to repay operational debt of USD 1.0 billion resulting in a net cash outflow of USD 1.6 billion.

² Excluding change in cash received as collateral for securities lending.
³ Cash and cash equivalents have been restated as a result of the IFRS changes effective January 1, 2005. Previously, we reported the balance "Investments" held on account and at risk of life insurance policyholders". This balance included various types of investments, including cash and cash equivalents, which are now segregated into their individual investment categories.

Quarterly Consolidated Financial Information

Summary of quarterly consolidated financial information in USD millions, for the three months ended	06/30/05	06/30/04	03/31/05	03/31/04
Gross written premiums and policy fees	12.062	12,123	13.892	14,233
Net earned premiums and policy fees	10.359	10,097	10,331	10,515
Net investment result	5.878	2.879	3,601	3.179
Other revenues	869	902	817	839
Total revenues	17,106	13,878	14,749	14,533
Insurance benefits and losses, net of reinsurance	8,325	7,827	7,900	8,467
Policyholder dividends and participation in profits, net of reinsurance	3,350	999	1,884	1, 401
Other expenses	3,681	3,747	3,672	3,669
Total benefits, losses and expenses	15,356	12,573	13,456	13,537
Net income before income taxes	1,750	1,305	1,293	996
Net income attributable to shareholders	1,020	840	779	644
Business operating profit	1,271	1,104	1,034	874

Basis of Presentation

Effect of new and revised accounting standards in 2005

The Group has implemented several new and revised accounting standards, which became effective January 1, 2005. The main adjustments for the Group result from the adoption of IFRS 4, which relates to the definition of insurance contracts. They primarily affect the accounting treatment of the life business with impacts on both the Group's balance sheet and operating statement. Details of these impacts are set out in note 3 to the Consolidated Financial Statements.

On May 3, 2005, we presented the impact of these new and revised accounting standards. Further information including an audio-webcast, a presentation and certain restated 2004 financial tables can be found in the Investor Relations section of our website www.zurich.com.

A summary of the key changes to the Group's consolidated shareholders' equity as of December 31, 2004 as well as net income attributable to shareholders and business operating profit for the first six months of 2004 is set out below.

in USD millions	Net income attributable to shareholders for the sended months ended June 30, 2004	Business operating profit for the six months ended June 30, 2004	Share- holders' equity as of 12/31/04
As published in the Annual Report 2004	1,448	1,948	22,181
IFRS 4 adjustments	36	30	(1,528)
Other IAS/IFRS adjustments	_	_	17
Total adjustments	36	30	(1,511)
Restated	1,484	1,978	20,670

The adoption of the new and revised accounting standards does not change the Group's business fundamentals, its underlying profitability or cash flows, Life Insurance embedded value results or the regulatory capital position of its legal entities. The restatement largely reflects changes in the timing of profit recognition, primarily in our life business.





Segment information

Primary segments:

The Group continues to report segment information using the same primary segments as in 2004. The segments are General Insurance, Life Insurance, Farmers Management Services, Other Businesses and Corporate Functions. However, to be consistent with our management structure, certain reclassifications between primary segments have been made for 2005 financial reporting.

Secondary segments:

As in 2004, the Group's secondary format for segment information is geographic. For 2005 financial reporting, these regions have been aligned to better reflect management responsibility, and are North America, Europe, International Businesses and Centrally Managed Businesses.

Further details on primary and secondary segment information are set out in note 1 to the Consolidated Financial Statements.

We also manage our General Insurance business on a customer segment basis. Our customer segments are Global Corporate, North America Commercial, Europe General Insurance, International Businesses and Centrally Managed Businesses. For a detailed split please refer to our Financial Supplement, which is included in the Investor Relations section of our website www.zurich.com.

Half Year Results Reporting 2005 Segmental Financial Analysis

In the following sections we discuss the results of operations for each of our segments. The analysis of the results for the first six months ended June 30, 2005 is made against the restated results of the prior year period, unless

General Insurance

In General Insurance we have maintained our disciplined underwriting approach and, where in some lines of business rates were not adequate to meet our technical price targets, we have chosen not to write that business.

In 2005, we benefited from our well diversified portfolio and made operational progress by improving our product mix and by adapting our reinsurance programs. The purchase of reinsurance is a highly centralized approach in order to benefit from an optimal use of Group capital and reduce credit exposure to reinsurers.

We are institutionalizing The Zurich Way program creating consistent, enterprise-wide transparency into underwriting, reserving and claims management. The Zurich Way of reserving aims to strengthen our governance process through direct reporting from local actuaries into the Group.

General Insurance – highlights			
in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	18,635	18,466	1%
Net earned premiums and policy fees	13,905	13,079	6%
Insurance benefits and losses, net of reinsurance	(10,238)	(9,614)	(6%)
Net underwriting result	437	445	(2%)
Business operating profit	1,384	1,260	10%
Loss ratio	73.6%	73.5%	(0.1 pts)
Expense ratio ¹	23.3%	23.1%	(0.2 pts)
Combined ratio	96.9%	96.6%	(0.3 pts)

¹ Including policyholder dividends and participation in profits.

A substantial portion of our business is written in euros, British pounds and Swiss francs, which appreciated by 5%, 3% and 5%, respectively, against the US dollar when comparing average rates for the half year 2005 with those for the half year 2004. The table below shows the currency translation impact on selected Operating Statement line items. The final column shows the reported percentage change in these balances.

General Insurance – currency translation impact	Foreign currency translation impact % char		
Variance over the prior period, for the six months ended June 30, 2005	in USD millions	in USD millions in %	
Gross written premiums and policy fees	466	3%	1%
Net investment income	32	3%	23%
Net capital gains on investments and impairments	6	6%	23%
Insurance benefits and losses, net of reinsurance	(241)	(2%)	(6%)

Global Corporate

Global Corporate serves multinational companies with products tailored to their domestic and international insurance needs. Our global network enables us to cooperate across national, regional and functional boundaries. We provide our customers with the benefit of our international expertise and detailed local knowledge.

Global Corporate – highlights in USD millions, for the six months ended June 30	2005	2004	Change
in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	4,034	4,176	(3%)
Net earned premiums and policy fees	2,425	2,281	6%
Insurance benefits and losses, net of reinsurance	(1,973)	(1,700)	(16%)
Net underwriting result	83	227	(63%)
Business operating profit	248	353	(30%)
Loss ratio	81.4%	74.5%	(6.9 pts)
Expense ratio ¹	15.2%	15.6%	0.4 pts
Combined ratio	96.6%	90.1%	(6.5 pts)

¹ Including policyholder dividends and participation in profits.



Global Corporate's **net underwriting result** decreased by USD 144 million to USD 83 million for the first half of 2005 as a result of a few large individual claims relating to fire and floods. The **loss ratio** increased from 74.5% in the first six months of 2004 to 81.4% in 2005 and the **combined ratio** increased by 6.5 percentage points to 96.6% in 2005 as a result of these claims.

As a consequence **business operating profit** decreased by 30% to USD 248 million in the first half of 2005. The lower underwriting result was partly offset by an increase in net investment income reflecting an increased asset base.

Gross written premiums and policy fees declined by 3% (6% on a local currency basis) in 2005 as compared to the prior year, caused by rate decreases particularly in the property and casualty lines of business in the United States and Europe. Additionally, the strategic decision was taken in 2005 to reduce certain lines of business in Zurich Global Energy. The growth in net earned premiums of 6% to USD 2.4 billion in the first six months ended June 30, 2005 mainly reflects the growth in 2004 now being earned as revenue.

North America Commercial

Zurich is a leading commercial property and casualty insurance provider in North America, serving our commercial customers, including middle market, small business, specialties and program sectors in the United States and Canada.

North America Commercial – highlights			
in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	6,368	6,381	0%
Net earned premiums and policy fees	4,469	4,092	9%
Insurance benefits and losses, net of reinsurance	(3,198)	(3,156)	(1%)
Net underwriting result	109	(1)	nm
Business operating profit	424	240	77%
Loss ratio	71.6%	77.1%	5.5 pts
Expense ratio ¹	26.0%	22.9%	(3.1 pts)
Combined ratio	97.6%	100.0%	2.4 pts

¹ Including policyholder dividends and participation in profits.

Business operating profit increased by USD 184 million, or 77%, to USD 424 million for the first half year 2005. This result reflects the increase in net investment income of USD 136 million, which is driven by a combination of improved yields and higher invested assets. Invested assets are higher due to lower premiums ceded and additional capital provided following the reserve strengthening into 2004.

Additionally, higher retentions in the first six months of 2005 and the reserve strengthening that occurred in the first six months of 2004, not repeated in 2005, resulted in an increase of USD 110 million in our **net underwriting result**. We increased our net retention by changing our reinsurance program as our balance sheet strengthened. As a consequence **net earned premiums and policy fees** grew by USD 377 million, or 9%, while **gross written premiums and policy fees** remained stable. This result is consistent with our policy not to write contracts that do not meet our technical price targets.

Europe General Insurance

Europe General Insurance consists of commercial and personal customer segments. Our largest markets in Europe are the United Kingdom, Germany, Switzerland, Italy and Spain. Additionally, we are well-positioned in Ireland, Portugal and Austria.

Europe General Insurance – highlights in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	7,137	6,922	3%
Net earned premiums and policy fees	6,007	5,712	5%
Insurance benefits and losses, net of reinsurance	(4,342)	(4,189)	(4%)
Net underwriting result	321	148	117%
Business operating profit	714	509	40%
Loss ratio	72.3%	73.3%	1.0 pts
Expense ratio¹	22.4%	24.1%	1.7 pts
Combined ratio	94.7%	97.4%	2.7 pts

¹ Including policyholder dividends and participation in profits.

The improvement in business operating profit by USD 205 million, or 40%, to USD 714 million for the first six months of 2005 was mainly driven by the improved net underwriting result of 117% to USD 321 million and by USD 68 million higher net investment income compared to prior year. The improvement in net underwriting result of USD 173 million primarily resulted from increases in Switzerland and the United Kingdom. In the United Kingdom insurance benefits, losses and expenses improved due to positive loss development which was partially offset by an increase in staff pension related charges amounting to USD 24 million. Gross written premiums and policy fees of USD 7.1 billion in the first six months of 2005 increased by 3%, while in local currency there was a decrease of 1%, or USD 75 million, due to a highly competitive market in the United Kingdom. In Italy and Spain we experienced volume growth of approximately 15%.

International **Businesses**

Our International Businesses division consists of Asia Pacific, Latin America and Rest of International Businesses with Australia, South Africa and Japan being the largest units.

Australia concentrates on the small and medium enterprises and corporate markets, and has a single channel distribution strategy focused on brokers.

South Africa has a product mix that is currently 70% commercial business and 30% personal business and utilizes the broker distribution channel for its business.

Japan is primarily focused on the personal and corporate lines segments. The personal lines segment accounts for approximately 80% of the business. The core products are auto insurance, which is sold directly to the consumer, and personal accident insurance, which is distributed through third party companies that endorse our products. Zurich's corporate unit provides traditional commercial insurance as well as supporting international program business.

International	Businesses -	highlights
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in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	1,472	1,433	3%
Net earned premiums and policy fees	1,012	926	9%
Insurance benefits and losses, net of reinsurance	(622)	(547)	(14%)
Net underwriting result	45	56	(20%)
Business operating profit	116	112	4%
Loss ratio	61.4%	59.1%	(2.3 pts)
Expense ratio ¹	34.1%	34.8%	0.7 pts
Combined ratio	95.5%	93.9%	(1.6 pts)

1 Including policyholder dividends and participation in profits.

Business operating profit increased by USD 4 million, or 4%, to USD 116 million for the first half of 2005. This increase was driven by the improved net investment income partially offset by the lower underwriting result.

International Businesses' diversified portfolio across markets and lines of businesses softened the impact of mostly weather related claims which affected South Africa and Venezuela in particular. Additionally, Australia suffered from property losses due to fires, which were partially offset by favorable claims experience in Hong Kong compared to the prior year. Accordingly, insurance benefits and losses increased by 14% to USD 622 million and the loss ratio increased by 2.3 percentage points to 61.4% for the first half of 2005. The expense ratio improved by 0.7 percentage points to 34.1% in 2005 reflecting the benefits of strict financial discipline instilled in our businesses. As a result of these factors our net underwriting result decreased to USD 45 million for the first half of 2005 as compared to USD 56 million in 2004.

We experienced growth in gross written premiums and policy fees of 3%, particularly in South Africa and Japan. South Africa was able to achieve volume growth and Japan showed strong increases in personal lines following successful brand-focused marketing activities. Australia experienced growth in written premiums with the exception of the corporate property and workers compensations lines of business. Net earned premiums increased 9% driven by changes in our ceded reinsurance programs, which led to higher retention of premiums particularly in Mexico and Taiwan.



Centrally Managed Businesses – highlights in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	151	169	(11%)
Net earned premiums and policy fees	(8)	68	nm
Insurance benefits and losses, net of reinsurance	(103)	(22)	(368 %)
Net underwriting result	(135)	10	nm
Business operating profit	(118)	46	nm

The decrease in business operating profit was driven by a small number of large prior year claims totaling USD 106 million.

Life Insurance

In the first half year of 2005 we saw the continuing rewards from our efforts to strengthen sustainable Life Insurance results. We made further progress in refocusing our business portfolio, redefining our business model, de-risking our balance sheet and optimizing our expense base. Our refocused product range is further gaining acceptance in the marketplace, with total new business up after adjusting for divestments and discontinued businesses.

Since 2002 we have divested numerous life businesses to focus on profitable growth in our markets. We are making major changes to our business model in Switzerland and in the United Kingdom. In Switzerland we redesigned our group pension business model. In the United Kingdom we have consolidated our remaining life portfolios into a single entity, permitting further operating and commercial synergies. Openwork, our new distribution company, was launched in June 2005 and sells products manufactured by Zurich and other selected partners, to take full advantage of new flexibility permitted by United Kingdom regulation. The value realized by Openwork will be shared between Zurich and its franchise partners who have shown very strong support for the new model.

We are concentrating on protection and lump sum savings, especially unit-linked business, and de-emphasizing quaranteed products or those with low margins. Our new product range is gaining traction in the marketplace. Our innovative products and service levels are being recognized with Germany, Ireland and the United Kingdom receiving awards for excellent customer service and product quality in the recent past.

The Zurich Way initiatives will enable us to further stabilize our growth and to take full advantage of the momentum we have created. The Zurich Way Sales Excellence program aims to improve the productivity of our tied agents. Also under The Zurich Way, we are looking at further opportunities for efficiencies and cost saving. And we will continue to develop new and innovative products focused on market niches where we have competitive advantage. Despite the encouraging progress, we face continuing challenges in our highly competitive markets, where margins are under pressure. Nonetheless, we believe we have laid solid foundations for the future.

in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	5,460	5,472	0%
Insurance deposits	4,644	4,284	8%
Net investment result	7,173	4,190	71%
Business operating profit	536	440	22%

Embedded value - highlights in USD millions, for the six months ended June 30	2005	2004	Change
	2003	2004	<u>~_</u>
Gross new business annual premiums equivalent (APE)	1,116	1,071	4%
New business margin, after tax ¹	10.9%	9.7%	1.2 pts
New business profit, after tax	122	104	17%
Embedded value operating profit, after tax	669	553	21%
Embedded value operating return, after tax – annualized ²	10.4%	10.2%	0.2 pts
Expected return – annualized	7.7%	8.1%	(0.4 pts)

¹ As a percentage of annual premiums equivalent, ² Before currency translation effects.



A substantial portion of our business is written in euros, British pounds and Swiss francs, which appreciated by 5%, 3% and 5%, respectively, against the US dollar when comparing average rates for the half year 2005 with those for the half year 2004. The table below shows the currency translation impact on selected Operating Statement line items. The final column shows the reported percentage change in these balances.

Life Insurance – foreign currency translation impact	Foreign co translation	% change	
Variance over the prior period, for the six months ended June 30, 2005	in USD millions	in %	in USD
Gross written premiums and policy fees	206	4%	0%
Insurance deposits	145	3%	8%
Net investment result	241	6%	71%

Life Insurance – net investment result and business operating profit	Net	investment	result	Busine	ss operatin	g profit
in USD millions, for the six months ended June 30	2005	2004	Change	2005	2004	Change
United States	158	156	1%	105	102	3%
United Kingdom	4,390	1,989	121%	88	145	(39%)
Germany	1,308	863	52%	55	18	206%
Switzerland	466	440	6%	156	83	88%
Rest of Europe	645	463	39%	91	72	26%
International Businesses	206	279	(26%)	41	20	105%
Total	7,173	4,190	71%	536	440	22%

Life Insurance – Gross written premiums and policy fees, and insurance deposits									
in USD millions, for the six months ended June 30	2005	2004	Change	2005	2004	Change			
United States	298	274	9%	260	283	(8%)			
United Kingdom	1,108	966	15%	2,431	2,526	(4%)			
Germany	1,800	1,772	2%	356	322	11%			
Switzerland	1,452	1,594	(9%)	10	7	43%			
Rest of Europe ¹	552	527	5%	957	562	70%			
International Businesses	250	339	(26%)	630	584	8%			
Total	5,460	5,472	0%	4,644	4,284	8%			

¹ Including intrasegment eliminations.

Driven by improved results in Germany, Switzerland and Italy, Life Insurance increased business operating profit by USD 96 million, or 22%, to USD 536 million. Germany benefited from expense reductions. Switzerland profited from reduced benefits charges in 2005, the redesign of the group pension business model and improved performance in individual life. The overall increase in the Life Insurance result was partially offset by the United Kingdom, where the costs for the introduction of Openwork and a change to the assumptions used to determine carrying amounts of policyholder benefits related to certain annuity portfolios adversely affected business operating profit. The United Kingdom experienced increased staff pension related charges of USD 18 million. The United Kingdom Life business reported a USD 98 million profit in the second quarter 2005 compared with USD 70 million in the same period in 2004. The increase in business operating profit in International Businesses was driven by Australia which improved to USD 19 million.

The overall net investment result increased 71% to USD 7.2 billion reflecting increases in equity markets as well as further reductions in long-term interest rates. However, these increases were offset by correspondingly higher policyholder participations.



Life Insurance gross written premiums and policy fees were unchanged at USD 5.5 billion compared with 2004. However after adjusting for the effects of exchange, divestments and the remodeling of Swiss group life business, premiums increased by 3%. The primary increase was in the United Kingdom where an increase in policyholder taxes of USD 190 million is recoverable from policyholders through corresponding fees. Insurance deposits from customers increased 8% to USD 4.6 billion, but by 5% after the effects of currency translation. The increases were primarily in Spain, where there has been an increase following successful sales campaigns launched through our banking distribution partner.

Embedded value

Embedded value – highlights	Gross new business annual premiums equivalent (APE)			New business profit, after tax		
in USD millions, for the six months ended June 30	2005	2004	Change	2005	2004	Change
United States	54	55	(2%)	26	31	(16%)
United Kingdom	475	458	4%	20	31	(35%)
Germany	252	274	(8%)	40	23	74%
Switzerland	51	67	(24%)	6	6	0%
Rest of Europe	185	120	54%	23	14	64%
International Businesses	99	97	2%	7	(1)	nm
Total	1,116	1,071	4%	122	104	17%

Embedded value – highlights	Embedded value operating profit, after tax			Embedded value operating return, after tax – annualized 1		
in USD millions, for the six months ended June 30	2005	2004	Change	2005	2004	Change
United States	168	120	40%	14.3%	10.9%	3.4 pts
United Kingdom	83	226	(63%)	5.5%	8.9%	(3.4 pts)
Germany	78	71	10%	13.6%	16.0%	(2.4 pts)
Switzerland	173	(7)	nm	21.3%	3.5%	17.8 pts
Rest of Europe	111	109	2%	15.4%	14.2%	1.2 pts
International Businesses	56	34	65%	12.0%	9.4%	2.6 pts
Total	669	553	21%	10.4%	10.2%	0.2 pts

¹ Before currency translation effects.

Life Insurance gross new business annual premiums equivalent increased by USD 45 million to USD 1.1 billion, principally reflecting the growth of premiums written and deposits in southern Europe.

New business profit, after tax, contributed USD 122 million to embedded value operating profit, after tax, an increase of USD 18 million over 2004, mainly arising in Germany primarily due to expense improvements and in the Rest of Europe, as a result of the growth in new business volumes, partially offset by the United Kingdom, where profit was lower by USD 11 million because of the decrease in sales volumes and the transitional measures for the positioning of the United Kingdom business.

Embedded value operating profit, after tax, increased by USD 116 million to USD 669 million corresponding to a 10.4% **annualized operating return on embedded value** for the first half of 2005. This was 2.7 percentage points above the annualized expected return of 7.7%. The main driver was Switzerland, which increased by USD 180 million as a result of the implementation of the "Legal Quote" for group life business in 2004. In the United States, operating profit was up USD 48 million to USD 168 million resulting from a reduction in the cost of capital associated with the transfer of surplus notes to Farmers Management Services. The Life Insurance segment experienced a 17% increase in the value added by new business which also contributed to the improved result. These profit improvements were offset by the United Kingdom, where results decreased by USD 143 million in the first six months of 2005 as a result of higher expenses related to the business restructuring and the transition to Openwork.

Farmers Management Services

Farmers Group, Inc. and its subsidiaries (FGI) provide non-claims related insurance management services and act as an attorney-in-fact for the Farmers Exchanges, prominent writers in the United States of personal lines business, including both private passenger automobile and homeowners insurance, as well as small commercial lines. While premiums are written and claims are paid by the Farmers Exchanges, which we manage but do not own, FGI provides non-claims related management services to the Farmers Exchanges and receives management fees for these services.

Farmers Management Services – highlights			
in USD millions, for the six months ended June 30	2005	2004	Change
Management fees and other related revenue	1,020	980	4%
Management expenses and other related expenses	(483)	(458)	(5%)
Net investment income	72	56	29%
Business operating profit	609	556	10%
Gross operating margin	52.6%	53.3%	(0.7 pts)

Farmers Exchanges – highlights in USD millions, for the six months ended June 30	2005	2004	Change
Gross earned premiums	7,147	6,943	3%
Combined ratio ¹	94.4%	97.7%	3.3 pts

¹ Adjusted for profit portion of management fees combined ratios were 87.7% and 90.7% in 2005 and 2004, respectively.

In the first half of 2005 the Farmers Exchanges have continued to record steady growth in revenues due to higher gross earned premiums earned in the personal, specialty and commercial lines of business, and as a result, our management fees and other related revenue increased by USD 40 million. Similarly, management expenses and other related expenses have increased by USD 25 million in the first six months of 2005 compared with the same period in 2004. This increase was mainly driven by higher advertising and promotional expenses, as well as higher salaries and employee benefit costs. Consequently, the gross operating margin of Farmers Management Services has decreased by 0.7 percentage points to 52.6% for the first half of 2005.

Net investment income increased by USD 16 million in the first half of 2005 due to higher average invested asset base.

As a result, business operating profit increased by USD 53 million.

Other Businesses

Other Businesses includes Farmers Re, Centre and capital markets and banking activities. This segment also includes certain businesses which are centrally managed and are not considered to be core businesses. Certain of the business operations in this segment were discontinued, divested or put into run-off in previous years.

Other Businesses – highlights			
in USD millions, for the six months ended June 30	2005	2004	Change
Net earned premiums and policy fees	1,636	2,346	(30%)
Net investment income	449	342	31%
Total benefits, losses and expenses	(2,397)	(3,181)	25%
Business operating profit	158	35	351%

Farmers Re, Centre and other operations	Famers Re		Centre		Other operations	
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Net earned premiums and policy fees	1,061	1,526	422	601	153	219
Net investment income	52	46	219	189	178	107
Total benefits, losses and expenses	(1,000)	(1,481)	(795)	(875)	(602)	(825)
Business operating profit/(loss)	113	92	10	(23)	35	(34)



Farmers Re provides reinsurance services to the Farmers Exchanges, which we manage but do not own. Net earned premiums decreased by USD 465 million, or 30%, in the first six months of 2005, as a result of the growth in surplus of the Farmers Exchanges enabling them to retain higher levels of risk. Business operating profit increased by USD 21 million, or 23%, in the first half of 2005, compared to the same period of 2004. This increase is due to a strong underwriting result, showing a 2.7 percentage points improvement in the combined ratio to 94.3% in half year 2005 compared with 97.0% in the same period 2004. This positive development resulting primarily from the underlying improvement in current year claims, expenses and favorable prior year loss reserve development.

Centre improved its **business operating profit** by USD 33 million to USD 10 million in the first half of 2005 from a loss of USD 23 million in 2004, primarily as a result of the successful commutation of several contracts, combined with a decrease in our provisions as liabilities are settled. Centre continues actively to pursue commutation and asset disposal opportunities. A number of underwriting contracts have been commuted this year, representing significant progress in the overall run-off in Centre's liabilities.

Other operations in this segment recorded a **business operating profit** of USD 35 million in the first half of 2005 compared with a loss of USD 34 million in the same period in 2004 as we run-off selected businesses.

Corporate Functions

The Corporate Functions segment includes Group holding companies, central expenses and financing entities. Main drivers of the result of this segment are investment income and interest expense relating to the financing of the Group, capital gains and losses on investments together with central costs for services provided to the businesses and projects managed centrally before recharges to the businesses.

Corporate Functions – highlights in USD millions, for the six months ended June 30	2005	2004	Change
Headquarters expenses, net of recharges to operating businesses	(76)	(70)	(9%)
Foreign exchange hedging and transactions	(80)	(6)	nm
Total headquarters expenses, net of recharges to operating businesses	(156)	(76)	nm
Net investment result	414	410	1%
Financing costs	(474)	(427)	(11%)
Business operating loss	(382)	(313)	(22%)

Total headquarters expenses, net of recharges to operating businesses increased by USD 80 million, to USD 156 million primarily due to the strengthening of the US dollar. We experienced foreign exchange losses relating to derivatives which are used to hedge specific debt or net asset positions of the Group. These hedges result in income statement volatility in Corporate Functions, however, they protect the Group from some foreign exchange exposures.

The issuance of the EUR 1.0 billion debt in September 2004 by Zurich Finance (USA) under the EMTN Programme was the main contributing event to the higher financing costs which increased by USD 47 million to USD 474 million. On June 15, 2005 a further EUR 500 million debt was issued under the EMTN Programme by Zurich Finance (USA), however, this has a negligible impact on the financing costs for the 2005 half year results.

In addition to foreign exchange effects and higher financing costs, business operating loss further increased due to higher staff related expenses and fees for external consultants.

Half Year Results Reporting 2005 — Consolidated Financial Statements Consolidated operating statements (unaudited) 9 2005 in USD millions, for the six months ended June 30

	Notes	2005	2004
Revenues	\sim		
Gross written premiums and policy fees		25,954	26,356
Less premiums ceded to reinsurers		(3,535)	(3,931)
Net written premiums and policy fees		22,419	22,425
Net change in reserves for unearned premiums		(1,729)	(1,813)
Net earned premiums and policy fees		20,690	20,612
Farmers management fees		1,020	980
Net investment income	4	5,070	4,403
Net capital gains on investments and impairments	4	4,409	1,655
Net loss on divestments of businesses	5	(13)	(14)
Other income		679	775
Total revenues		31,855	28,411
Benefits, losses and expenses			
Insurance benefits and losses, gross	6	18,932	18,563
Less ceded insurance benefits and losses	6	(2,707)	(2,269)
Insurance benefits and losses, net of reinsurance	6	16,225	16,294
Policyholder dividends and participation in profits, net of reinsurance	. 6	5,234	2,400
Underwriting and policy acquisition costs, net of reinsurance	6	3,706	3,709
Administrative expense		1,820	1,955
Other operating expense		943	923
Amortization and impairments of intangible assets		125	194
Interest expense on debt	10	223	166
Interest credited to policyholders and other interest		536	469
Total benefits, losses and expenses		28,812	26,110
Net income before income taxes		3,043	2,301
Income tax expense	7	(1,188)	(763)
Net income		1,855	1,538
Net income attributable to minority interests		(56)	(54)
Net income attributable to shareholders		1,799	1,484
of which: – attributable to common stockholders		1,778	1,468
 attributable to preferred securities holders 		21	16
in USD			
Basic earnings per share		12.37	10.24
Diluted earnings per share		12.29	10.16
in CHF Basic earnings per share		14.87	12.95
Diluted earnings per share		14.87	12.93
punten eartiilida bei airais		14.//	12.84

Consolidated balance sheets (unaudited) in USD millions, as of

Assets	Notes	06/30/05	12/31/04
Investments			
Cash and cash equivalents		23,176	22,457
Trading equity portfolios in capital markets and banking activities		2,155	2,773
Equity securities		81,979	83,315
Debt securities		128,849	131,370
Investments in associates		677	645
Other investments		36,963	41,595
Total investments	4	273,799	282,155
Reinsurers' share of reserves for insurance contracts	9	21,387	20,919
Deposits made under assumed reinsurance contracts		2,667	3,282
Deferred policy acquisition costs	8	10,745	11,281
Deferred origination costs		691	736
Accrued investment income		2,335	2,614
Receivables		10,186	13,121
Derivative trading assets and other assets		2,323	3,095
Mortgage loans given as collateral		3,504	4,135
Deferred tax assets	7	4,179	4,211
Assets held for sale	5	3,943	_
Fixed assets		1,788	2,116
Goodwill		625	744
Other intangible assets		2,260	2,477
Total assets		340,432	350,886



Liabilities and equity	Notes	06/30/05	12/31/04
Liabilities			
Reserve for premium refunds		630	820
Liabilities for investment contracts		37,413	40,046
Deferred profit on inception of reinsurance contracts		123	130
Deposits received under ceded reinsurance contracts		3,370	4,276
Deferred front-end fees		4,663	4,912
Reserves for insurance contracts	9	219,807	227,087
Obligation to repurchase securities		5,761	5,009
Accrued liabilities		2,139	2,605
Derivative trading liabilities and other liabilities		21,848	24,887
Collateralized loans		3,504	4,135
Deferred tax liabilities	7	6,224	5,718
Liabilities held for sale	5	3,072	_
Debt related to capital markets and banking activities	10	3,164	3,880
Senior and subordinated debt	10	5,993	5,871
Total liabilities		317,711	329,376
Equity			
Common stock		186	635
Treasury stock		(1)	(1)
Additional paid-in capital		10,284	10,288
Net unrealized gains on investments	4	1,654	1,075
Cumulative translation adjustment		92	755
Retained earnings		8,623	6,822
Common stockholders' equity		20,838	19,574
Preferred securities		1,096	1,096
Shareholders' equity		21,934	20,670
Minority interests		787	840
Total equity		22,721	21,510
Total liabilities and equity		340,432	350,886



Consolidated statements of cash flows (unaudited)

in USD millions, for the six months ended June 30

	2005	2004
Cash flows from operating activities		
Net income attributable to shareholders	1,799	1,484
Adjustments for:		
Net capital gains on investments and impairments	(4,409)	(1,655)
Net loss on divestments of businesses	13	14
Equity in income of investments in associates	(96)	(85)
Depreciation, amortization and impairments of fixed and intangible assets	220	297
Other non-cash items	(19)	(14)
Changes in operational assets and liabilities:		
Deferred policy acquisition costs	(434)	(282)
Deferred origination costs	(6)	2
Reinsurers' share of reserves for insurance contracts	(1,225)	(172)
Deposits made under assumed reinsurance contracts	602	232
Deposits received under ceded reinsurance contracts	(735)	(247)
Receivables and payables	(279)	(581)
Net changes in trading securities	339	1,326
Reserves for insurance contracts	9,292	6,983
Liabilities for investment contracts	105	(2,005)
Deferred income tax, net	645	107
Net changes in other operational assets and liabilities	201	1,308
Net cash provided by operating activities	6,013	6,712
Cash flows from investing activities		
Sales and maturities:		
Debt securities	34,767	32,689
Equity securities	19,598	15,303
Other (primarily other investments and fixed assets)	4,953	4,149
Purchases:		
Debt securities	(39,824)	(39,809)
Equity securities	(18,775)	(15,748)
Other (primarily other investments and fixed assets)	(4,641)	(5,368)
Investments in associates, net	41	66
Acquisitions of companies, net of cash acquired	(1)	
Divestments of companies, net of cash balances	17	1,559
Dividends from associates	11	17
Net cash used in investing activities	(3,864)	(7,142)



As of June 30, 2005 and 2004, cash and cash equivalents restricted as to use were USD 436 million and USD 605 million, respectively. Cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products amounted to USD 3,611 million and USD 3,507 million as of June 30, 2005 and December 31, 2004, respectively. The balances of cash received as collateral for securities lending were USD 4,397 million and USD 5,197 million as of June 30, 2005 and December 31, 2004, respectively.

Cash and	cash	equivalents	comprise	the	following:

in USD millions	2005	2004
Cash at bank and in hand	8,335	6,504
Cash equivalents	10,444	7,792
Cash received as collateral for securities lending	4,397	5,646
Balance as of June 30	23,176	19,942

Cash and cash equivalents of Universal Underwriters Group and other Group entities reclassified to assets held for sale in USD millions, for the six months ended June 30, 2005

Net cash provided by operating activities	326
Net cash provided by investing activities	22
Cash and cash equivalents as of January 1, 2005	110
Cash and cash equivalents reclassified to assets held for sale as of June 30, 2005	458

The notes to the consolidated financial statements are an integral part of these half year consolidated financial statements.



2005

2004

Implementation of new and revised IFRS accounting standards: - IFRS 4 - IAS 28/31 - IAS 32/39 Total adjustment due to implementation of new and revised IFRS accounting standards As of December 31, 2003, restated Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	4,006,955 - - - -	923 _ _
- IFRS 4 - IAS 28/31 - IAS 32/39 Total adjustment due to implementation of new and revised IFRS accounting standards 1 As of December 31, 2003, restated Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests		
- IAS 28/31 - IAS 32/39 Total adjustment due to implementation of new and revised IFRS accounting standards¹ As of December 31, 2003, restated Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	- - -	-
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Total adjustment due to implementation of new and revised IFRS accounting standards¹ As of December 31, 2003, restated Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests		
As of December 31, 2003, restated Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests		***
Change in net unrealized gains/(losses) on investments (excluding translation adjustments) Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests		-
Translation adjustments Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	4,006,955	923
Change in net unrealized losses on investments not recognized in the operating statement Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	_	_
Nominal value reduction of common stock Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	_	<u></u>
Share-based payment transactions Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	_	_
Treasury stock transactions Net income Dividends on preferred securities Net changes in capitalization and minority interests	_	(288)
Net income Dividends on preferred securities Net changes in capitalization and minority interests	_	_
Dividends on preferred securities Net changes in capitalization and minority interests	_	
Net changes in capitalization and minority interests	_	_
	_	
As of June 30, 2004, restated 144	_	-
	4,006,955	635
As of December 31, 2004, as previously reported 144	4,006,955	635
Implementation of new and revised IFRS accounting standards:		
- IFRS 4	-	_
- IAS 27		_
- IAS 28/31	_	_
- IAS 32/39	-	-
Total adjustment due to implementation of new and revised IFRS accounting standards ¹	_	_
As of December 31, 2004, restated	4,006,955	635
Write-off of negative goodwill (IFRS 3)	-	-
Change in net unrealized gains on investments (excluding translation adjustments)	_	_
Translation adjustments		_
Change in net unrealized gains/(losses) on investments not recognized in the operating statement	_	
Nominal value reduction of common stock ²	-	(449)
Share-based payment transactions	_	_
Net income	-	-
Dividends on preferred securities		
Net changes in capitalization and minority interests	_	_
As of June 30, 2005 144		



¹ Implementation of new and revised accounting standards as discussed in note 3.
² As approved by the Annnual General Meeting on April 19, 2005, the share capital was reduced by a nominal value reduction of CHF 4.00 from CHF 6.50 to CHF 2.50 in respect of each registered share. The payment to shareholders was made on July 4, 2005.

Total equity	Minority interests	Total shareholders' equity	Preferred securities	Retained earnings	Cumulative translation adjustment	Net unrealized gains/(losses) on investments	Additional paid-in capital	Treasury stock (nominal value)	
19,903	969	18,934	1,096	5,699	152	862	10,208	(6)	
(1,320)	_	(1,320)	· –	(1,320)		_	_		
19		19	-	19	-	-	_	-	
(4)	_	(4)	_	(4)	_	_	_	-	
(1,305)	_	(1,305)	_	(1,305)	_	-	-	_	
18,598	969	17,629	1,096	4,394	152	862	10,208	(6)	
(979)	2	(981)	-	-	_	(981)	_	-	
(140)	(45)	(95)		<u> </u>	(86)	(9)	_	_	
(1,119)	(43)	(1,076)	_	_	(86)	(990)	-	=	
(288)	_	(288)	_		-	_	-	_	
(14)	_	(14)	_	_	_	_	(14)	_	
49	_	49	_	-	_	_	45	4	
1,538	54	1,484		1,484	_	_			
(21)	(5)	(16)	_	(16)	_	_	_	_	
(215)	(215)	_	-	***	_	_		_	
18,528	760	17,768	1,096	5,862	66	(128)	10,239	(2)	
23,027	846	22,181	1,096	8,248	840	1,075	10,288	(1)	
(1,528)		(1,528)	<u>-</u>	(1,443)	(85)	-	-	- -	
(6)	(6)	-	_	-	-	_	_	_	
21	-	21	_	21					·(//***********************************
(4)	_	(4)	_	(4)	_	_	_	_	
(1,517)	(6)	(1,511)	<u>-</u>	(1,426)	(85)	_	_	_	
21,510	840	20,670	1,096	6,822	755	1,075	10,288	(1)	
23	_	23		23	_	_			
665	11	654	-	_	_	654	_	_	
(849)	(111)	(738)	_		(663)	(75)	-	-	
(184)	(100)	(84)	-	_	(663)	579	-	-	
(449)	_	(449)		_	_	_	-	-	
(4)	_	(4)	-	_	-	_	(4)	-	
1,855	56	1,799	-	1,799	<u></u>	_	-	_	
(33)	(12)	(21)	_	(21)	_	_	_	-	***************************************
3	3		_		_	_	_	_	
22,721	787	21,934	1,096	8,623	92	1,654	10,284	(1)	



1. Basis of presentation

These half year consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting". The accounting policies used to prepare these consolidated financial statements comply with International Financial Reporting Standards (IFRS), and are consistent with those set out in the notes to the Annual Report 2004 of Zurich Financial Services Group ("the Group"), except for new and revised accounting standards implemented in 2005. These resulted in restatement of certain 2004 amounts and are discussed in note 3. In addition, certain reclassifications have been made to prior period amounts and segment disclosures to conform to the presentation in the Group's Annual Report 2004 and to the current period presentation. These reclassifications have no effect on the previously reported net income.

These unaudited half year consolidated financial statements should be read in conjunction with the Group's Annual Report 2004. The Group's independent auditors have carried out a review of these unaudited half year consolidated financial statements. Their report is set out on page 23.

Certain amounts recorded in the half year consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

Segment information

In the 2004 annual report, the Group's primary reporting segments were defined as General Insurance, Life Insurance, Farmers Management Services, Other Businesses and Corporate Center. The only change to these primary segments in 2005 was to rename Corporate Center to Corporate Functions. However, to be consistent with the Group's management structure, the following transfers between primary segments have been made for 2005 financial reporting:

- Farmers Re business from General Insurance to Other Businesses;
- Group Reinsurance business relating to certain European run-off operations from Corporate Functions to Other Businesses;
- Certain investments of Farmers New World Life from Life Insurance to Farmers Management Services;
- The Reinsurance businesses of various Group entities from Corporate Functions to Other Businesses or General Insurance.

The Group's secondary reporting format for segment reporting is geographic. In 2004 these secondary segments were North America Corporate, North America Consumer, Continental Europe, UKISA, Rest of the World and Centrally Managed Businesses. For 2005 financial reporting, these regions have been aligned to better reflect management responsibility and are North America, Europe, International Businesses and Centrally Managed Businesses.

The 2004 results have been restated to reflect these changes.

2. Foreign currency translation and transactions

The table below summarizes the principal exchange rates that have been used for translation purposes. The net losses on foreign currency transactions included in the consolidated operating statements were USD 60 million and USD 47 million for the six months ended June 30, 2005 and 2004, respectively.

Table 2 Principal exchange rates		Operating statemer Balance sheets and cash flows for t as of six months ended				
USD per foreign currency unit	06/30/05	12/31/04	06/30/05	06/30/04		
Euro	1.2101	1.3555	1.2860	1.2274		
Swiss franc	0.7802	0.8769	0.8316	0.7907		
British pound sterling	1.7917	1.9183	1.8744	1.8225		



3. Implementation of new and revised accounting standards and adjustments implemented in 2005 (IFRS restatement)

As presented on May 3, 2005, the Group has implemented several new and revised accounting standards within the International Financial Reporting Standards (IFRS) framework, which became effective January 1, 2005.

The International Accounting Standards Board (IASB) issued IFRS 4 "Insurance Contracts" on March 31, 2004. The publication of this standard provides, for the first time, guidance on accounting for insurance contracts. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds, except for specified contracts covered by other IFRS standards. The most significant change as a result of the adoption of the standard is the re-classification of certain contracts as financial instruments and hence the application of IAS 39 to these contracts. The adoption of IFRS 4 does not provide comprehensive guidance on the accounting treatment for insurance contracts and as such the Group will continue to apply US GAAP in certain circumstances where IFRS is silent.

IAS 39 "Financial Instruments: Recognition and Measurement" was revised in December 2003 as part of the IASB's project to improve IAS 32 "Financial Instruments: Disclosure and Presentation" and IAS 39. A further amendment was made in March 2004. The changes related to Fair Value Hedge Accounting for a Portfolio Hedge of Interest Rate Risk. The most significant changes are as follows:

- The standard clarifies that the evaluation of the transfer of risks and rewards of ownership precedes the evaluation of the transfer of control for all derecognition transactions.
- The standard permits an entity to designate any financial asset or financial liability on initial recognition as one to be measured at fair value, with changes in fair value recognized in profit or loss. To impose discipline on this categorization, an entity is precluded from reclassifying financial instruments into or out of this category.
- The standard provides additional guidance about how to determine fair values using valuation techniques.
- The standard clarifies that an impairment loss is recognized only when it has been incurred. It also provides additional guidance on what events provide objective evidence of impairment for investments in equity instruments.
- Hedges of firm commitments are to be treated as fair value hedges rather than cash flow hedges. However, the standard clarifies that a hedge of the foreign currency risk of a firm commitment can be treated as either a cash flow hedge or a fair value hedge.

The IASB issued IFRS 3 "Business Combinations" on March 31, 2004. In accordance with the transitional provisions of the standard, the Group has applied this standard to business combinations for which the agreement date is on or after March 31, 2004. The remaining requirements of IFRS 3 have been adopted as of January 1, 2005. The most significant changes required by this standard are:

- All business combinations within its scope are to be accounted for using the purchase method, previously IAS 22 permitted business combinations to be accounted for using the pooling of interests method in certain circumstances.
- . The acquiree's identifiable assets, liabilities and contingent liabilities are to be recognized as part of allocating the cost of the combination to be measured initially by the acquirer at their fair values at the acquisition date. Therefore, any minority interest in the acquiree is stated at the minority's proportion of the net fair values of those items.
- · Goodwill acquired in a business combination is to be measured after initial recognition at cost less any accumulated impairment losses. Therefore, goodwill is not amortised and instead must be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Upon adoption of IFRS 3, the Group wrote back USD 23 million of negative goodwill.

IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets" were revised in March 2004 by the IASB as part of the IASB project resulting in the publication of IFRS 3 "Business Combinations". Consistent with the Group's adoption of IFRS 3, the revised standards were adopted as of January 1, 2005.

The IASB issued IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" on March 31, 2004. The standard adopts the classification "held for sale", introduces the concept of a disposal group, and specifies that assets or disposal groups that are classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell. It also replaces IAS 35 regarding the accounting treatment for discontinued operations. The most significant impact for the Group was the re-classification of some of its assets and liabilities as "held for sale".

IAS 27 "Consolidated and Separate Financial Statements" was revised in March 2004. The adoption of the revised guidance with respect to the consolidation requirements of venture capital organizations, mutual funds and similar entities resulted in an equivalent gross-up of the Group's assets and liabilities to reflect the liabilities to third parties and minority interests. Also, IAS 27 revised requires to disclose minority interests within equity, separately from the parent shareholders' equity.



The accounting policy for securities lending has been changed, primarily driven by the revised IFRS standards which led the Group to review its previous policy and make changes to the criteria for recognizing collateral received as part of securities lending arrangements. As a result of the Group having future economic benefits and retaining significant risk and rewards of the cash collateral received, the Group now has to recognize both cash collateral and an equal and offsetting liability related to the cash collateral. No income effect resulted from the change in this policy.

As a result of the adoption of the above noted new and amended accounting standards, the 2004 comparatives have been restated as summarized in the following tables.

Effect of new and revised accounting standards and adjustments implemented in 2005 (IFRS restatement)

Consolidated operating statement for the six months ended June 30, 2004 IFRS restatement (unaudited) - reconciliation

to previously reported financial information	As		Other	
in USD millions, for the six months ended June 30, 2004	reported1	IFRS 4	IFRS	Restated
Net income attributable to shareholders ²	1,448	36		1,484

¹ As published in the Annual Report 2004.

Table 3.2

Consolidated balance sheet as of December 31, 2004 IFRS restatement (unaudited) - reconciliation

to previously reported financial information	As		Other	
in USD millions, as of December 31, 2004	reported1	IFRS 4	IFRS	Restated
Shareholders' equity	22,181	(1,528)	17	20,670
Total equity	23,027	(1,528)	11	21,510

¹ As published in the Annual Report 2004.

4. Investments

A summary of net investment income and net capital gains and losses and impairments is given below.

Table 4.1 Investment result		vestment come	gains/(le	capital osses) and rments ¹	Investm	ent result
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Cash and cash equivalents	310	163	2	5	312	168
Equity securities	1,069	857	3,289	1,159	4,358	2,016
Debt securities	2,807	2,665	802	2	3,609	2,667
Investments in associates	96	85	(5)	(77)	91	8
Other investments:						
Short-term investments	48	56	2	-	50	56
Investments held by investment companies	5	7	126	167	131	174
Real estate held for investment	404	408	256	168	660	576
Mortgage loans, policyholders' collateral and other loans	567	500	93	143	660	643
Other ²	84	79	(156)	88	(72)	167
Investment result, gross	5,390	4,820	4,409	1,655	9,799	6,475
Investment expenses ³	(320)	(417)	_	_	(320)	(417)
Investment result, net	5,070	4,403	4,409	1,655	9,479	6,058



² Revised IAS 1 changed the bottom line from "Net income", as described, to "Net income attributable to shareholders".

Impairments on total investments of USD 35 million and USD 55 million for the six months ended June 30, 2005 and 2004, respectively.

Including net capital gains/(losses) on derivative financial instruments of USD (159) million and USD 12 million for the six months ended June 30, 2005 and 2004, respectively.

Including rental operating expenses for real estate held for investment of USD 72 million and USD 80 million for the six months ended June 30, 2005 and 2004, respectively.

	Total investments				
Table 4.2		/30/05	. –	/31/04	
Breakdown of Investments	USD	% of	USD	% of	
as of	millions	total	millions	total	
Cash and cash equivalents	23,176	8.5%	22,457	8.0%	
Equity securities (including trading equity portfolios in capital markets and banking activities):					
Trading	2,351	0.9%	2,843	1.0%	
of which: – Trading equity portfolios in capital markets and banking activities	2,155	0.8%	2,773	1.0%	
Fair value through profit and loss	70,682	25.8%	71,087	25.2%	
Available-for-sale	11,101	4.0%	12,158	4.3%	
Total equity securities	84,134	30.7%	86,088	30.5%	
Debt securities:					
Trading	485	0.2%	540	0.2%	
Fair value through profit and loss	17,587	6.4%	17,101	6.1%	
Available-for-sale	105,364	38.5%	107,874	38.2%	
Held-to-maturity	5,413	2.0%	5,855	2.1%	
Total debt securities	128,849	47.1%	131,370	46.6%	
Investments in associates	677	0.2%	645	0.2%	
Other investments:					
Short-term investments	1,386	0.5%	1,943	0.7%	
Investments held by investment companies	1,789	0.7%	1,789	0.6%	
Real estate held for investment	11,797	4.3%	12,541	4.4%	
Mortgage loans	9,278	3.4%	10,251	3.6%	
Policyholders' collateral and other loans	12,630	4.6%	14,906	5.3%	
Other	83	0.0%	165	0.1%	
Total other investments	36,963	13.5%	41,595	14.7%	
Total investments	273,799	100.0%	282,155	100.0%	

As of June 30, 2005 and December 31, 2004 the Group had USD 17,378 million and USD 15,687 million, respectively, of loaned securities outstanding. The restricted cash contains USD 4,397 million and USD 5,197 million of cash collateral received for loaned securities as of June 30, 2005 and December 31, 2004, respectively. The non-cash collateral received for loaned securities was USD 14,678 million and USD 12,543 million as of June 30, 2005 and December 31, 2004, respectively.

Table -	4	.3
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Realized capital gains / (losses) and impairments on available-for-sale debt and equity securities	Equity s	ecurities	Debt se	curities	To	otal
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Gross realized capital gains – available-for-sale	275	639	362	765	637	1,404
Gross realized capital losses – available-for-sale	(154)	(754)	(81)	(173)	(235)	(927)
Impairments – available-for-sale	(23)	(123)	(7)	(25)	(30)	(148)
Total	98	(238)	274	567	372	329

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Unrealized gains/(losses) on investments included in shareholders' equity	Tot	al
in USD millions, as of	06/30/05	12/31/04
Equity securities – available-for-sale	703	310
Debt securities – available-for-sale	4,607	3,635
Other	(46)	79
Less amount of net unrealized gains on investments attributable to:		
Life policyholder dividends and other policyholder liabilities	(2,682)	(2,234)
Life deferred acquisition costs	(235)	(176)
Deferred income taxes	(657)	(514)
Minority interests	(36)	(25)
Total	1,654	1,075



5. Changes in the scope of consolidation

During the six months ended June 30, 2005 and 2004, the Group completed divestments of several businesses and recognized postcompletion adjustments.

Table 5.1		
Net loss on divestments in USD millions, for the six months ended June 30	2005	2004
Consideration received	83	1,739
Less: net assets divested	(99)	(1,708)
Costs related to divestments	3	(45)
Net loss on divestments before tax	(13)	(14)
Tax effect	-	(4)
Net loss on divestments after tax	(13)	(18)
Net assets divested		
Cash and cash equivalents	68	180
Other assets	196	3,955
Insurance liabilities	(39)	(515)
Other liabilities	(126)	(1,912)

The Group's most significant transactions affecting the scope of consolidation during the six months ended June 30, 2005 and 2004 were as described below.

1,708

Changes in 2005

Net assets divested

The Group completed the sale of its equity stake in ZC Sterling Corporation to Trident III, L.P, the sale of 10% of the total issued share capital of South African Eagle Insurance Company Limited (SA Eagle), a majority-owned subsidiary, to Royal Bafokeng Finance (RBF), a company wholly-owned by the Royal Bafokeng Nation (RBN), South Africa, the sale of its interest in Zurich National Life Assurance Company Limited in Thailand to National Finance Public Company Limited and the acquisition of the life business portfolio of ING Insurance Argentina, realizing a net loss before taxes of USD 17 million. The Group also realized post-completion adjustments for divestments closed in 2004, realizing a net gain before taxes of USD 4 million.

On April 4, 2005, the Group announced the sale of Universal Underwriters Group to an investor group led by Hellman & Friedmann LLC. The assets and liabilities of Universal Underwriters Group have been classified as held for sale as of June 30, 2005 in accordance with IFRS 5 (see below). We, together with the purchaser, continue to work towards a number of pre-closing conditions which need to be satisfied prior to the closing of the transaction.

In the first six months 2005, the companies divested did not materially contribute to the Group's net income.

Assets and liabilities held for sale

As of January 1, 2005, the Group adopted IFRS 5 resulting in a change in accounting policy and a change in the balance sheet presentation for assets and liabilities held for sale. The following assets and liabilities of Universal Underwriters Group and other Group entities have been classified as held for sale as of June 30, 2005:

Table 5.2

Assets classified as held for sale

13 O3D Millions, as of June 30, 2003	
Total investments	1,238
of which cash and cash equivalents	458
Deferred policy acquisition costs	464
Reinsurers' share of reserves for insurance contracts	230
Other assets	2,011
Total	3,943



Liabilities classified as held for sale

in USD millions, as of June 30, 2005

Reserves for insurance contracts	2,557
Other liabilities	515
Total	3,072

Net unrealized gains on investments in the Group's shareholders' equity relating to assets held for sale amounted to USD 16 million as of June 30, 2005.

Changes in 2004

During the first six months of 2004, the Group completed the sale of Zurich Insurance (Singapore) Pte. Ltd., the sale of Zürich Krankenversicherung AG (Deutschland), the sale of the Group's stake in Globale Krankenversicherungs-AG, the sale of the insurance portfolio of its subsidiary Zurich Life Philippines, Inc, the sale of McMillan Shakespeare Australia Pty Limited, and the sale of the general insurance (consumer and small commercial lines) and life insurance (consumer and commercial lines) operations in Belgium, recognizing a net loss before taxes of USD 15 million. The Group also recognized several post-completion adjustments for divestments completed during or prior to the first six months of 2004, realizing a net gain before taxes of USD 1 million.

In the first six months 2004, the companies and businesses divested contributed USD 8 million to the Group's net income.

6. Insurance benefits, losses and expenses

able 6.1

Gross		Ceded		Net	
2005	2004	2005	2004	2005	2004
13,330	12,890	(2,337)	(2,004)	10,993	10,886
6,046	7,409	(142)	(137)	5,904	7,272
(444)	(1,736)	(228)	(128)	(672)	(1,864)
18,932	18,563	(2,707)	(2,269)	16,225	16,294
10,515	10,425	(1,752)	(1,974)	8,763	8,451
	2005 13,330 6,046 (444) 18,932	2005 2004 13,330 12,890 6,046 7,409 (444) (1,736) 18,932 18,563	2005 2004 2005 13,330 12,890 (2,337) 6,046 7,409 (142) (444) (1,736) (228) 18,932 18,563 (2,707)	2005 2004 2005 2004 13,330 12,890 (2,337) (2,004) 6,046 7,409 (142) (137) (444) (1,736) (228) (128) 18,932 18,563 (2,707) (2,269)	2005 2004 2005 2004 2005 13,330 12,890 (2,337) (2,004) 10,993 6,046 7,409 (142) (137) 5,904 (444) (1,736) (228) (128) (672) 18,932 18,563 (2,707) (2,269) 16,225

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Other technical expenses	Gross		Ceded		N	let
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Policyholder dividends and participation in profits	5,234	2,399	-	1	5,234	2,400
Underwriting and policy acquisition costs	3,899	4,328	(193)	(619)	3,706	3,709

7. Income taxes

Table 7.1

Income tax expense -	current/deferred split
----------------------	------------------------

2005	2004
562	538
626	225
1,188	763
_	1,188

Table 7.2

in USD millions, for the six months ended June 30	2005	2004
Income tax expense attributable to policyholders	397	33
Income tax expense attributable to shareholders	791	730
Total income tax expense	1,188	763

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. In certain jurisdictions an accrual for future policy fees that will cover the tax charge is included in gross written premiums and policy fees revenue.



Expected and actual income tax expense

2005	2004
983	748
(238)	(138)
52	41
140	58
269	22
(18)	32
1,188	763
	983 (238) 52 140 269 (18)

The table above illustrates the factors that cause the actual income tax expense to differ from the expected amount computed by applying the weighted average statutory income tax rate.

The weighted average statutory income tax rate for the Group is 32.3% and 32.5% for the six months ended June 30, 2005 and 2004, respectively. These rates were derived by obtaining a weighted average of the applicable statutory income tax rate in relation to the net income before income tax generated in the taxable territories in which the Group operates.

Table 7.4

Net deferred tax liabilities

Deferred income taxes in USD millions, as of	06/30/05	12/31/04
Deferred tax assets		
Deferred tax assets, gross	4,774	4,701
Valuation allowance on deferred tax assets	(595)	(490)
Deferred tax assets, net	4,179	4,211
Deferred tax liabilities	(6,224)	(5,718)

(1,507)

(2,045)

The current income tax payable (net of income tax receivable) as of June 30, 2005 and December 31, 2004 was USD 925 million and USD 971 million, respectively.

As of June 30, 2005 and December 31, 2004, respectively, the Group had income tax loss carryforwards of USD 4,570 million and USD 4,835 million available (subject to various statutory restrictions) for use against future taxable income. Deferred tax assets for loss carryforwards of USD 2,802 million and USD 3,300 million were recognized as of June 30, 2005 and December 31, 2004, respectively. No deferred tax assets were recognized in respect of the remaining USD 1,768 million and USD 1,535 million as of June 30, 2005 and December 31, 2004, respectively. The majority of the income tax loss carryforwards expire after five years.

8. Deferred policy acquisition costs

Table 8 Gene Deferred policy acquisition costs Insura					Other segments 1		Total	
in USD millions	2005	2004	2005	2004	2005	2004	2005	2004
As of January 1 (opening balance)	2,143	1,916	8,932	7,858	206	303	11,281	10,077
Acquisition costs deferred and transfers	1,624	1,168	664	604	3	38	2,291	1,810
Amortization charged to income ²	(972)	(951)	(542)	(508)	(30)	(72)	(1,544)	(1,531)
Divestments	(15)	(10)	(12)	(59)	_	_	(27)	(69)
Reclassifications to assets held for sale	(464)	_	-	-	-	_	(464)	-
Increase/(decrease) due to currency translation	(114)	(23)	(678)	24	_	1	(792)	2
As of June 30 (closing balance)	2,202	2,100	8,364	7,919	179	270	10,745	10,289

1 Including eliminations of intersegment transactions.



² The portion of amortization being recorded directly to shareholders' equity for Life Insurance was USD (70) million and USD 50 million for the six months ended June 30, 2005 and 2004, respectively.

Reserves for insurance contracts in USD millions, as of	06/30/05	12/31/04
Gross	00/30/03	12/31/04
Reserves for losses and loss adjustment expenses	57,026	57.765
Reserves for unearned premiums	14,473	14,231
Future life policyholders' benefits	73,771	81,852
Policyholders' contract deposits and other funds	21,877	22.391
Reserves for unit-linked products	52,660	50.848
Reserves for insurance contracts	219,807	227,087
Ceded		
Reserves for losses and loss adjustment expenses	(14,475)	(14,278)
Reserves for unearned premiums	(2,040)	(2,097)
Future life policyholders' benefits	(1,539)	(1,169)
Policyholders' contract deposits and other funds	(3,515)	(3,594)
Reserves for unit-linked products	-	_
Reinsurers' share of reserves for insurance contracts	(21,569)	(21,138)
Net		
Reserves for losses and loss adjustment expenses	42,551	43,487
Reserves for unearned premiums	12,433	12,134
Future life policyholders' benefits	72,232	80,683
Policyholders' contract deposits and other funds	18,362	18,797
Reserves for unit-linked products	52,660	50,848
Reserves for insurance contracts	198,238	205,949
Table 9.2 Development of reserves for losses and loss adjustment expenses in USD millions	2005	2004
As of January 1 (opening balance)		
Gross reserves for losses and loss adjustment expenses	57,765	51,007
Reinsurers' share	(14,278)	(14,036)
Net reserves for losses and loss adjustment expenses	43,487	36,971
Losses and loss adjustment expenses incurred	40.000	40 220
Current period	10,896	10,230
Prior years Table	97	656
Total	10,993	10,886
Losses and loss adjustment expenses paid Current period	(2 F00)	(2,555)
	(2,500)	(5,896)
Prior years Total	(6,263)	(8,451)
Divestments of companies and businesses, including transfers to liabilities held for sale	(1,083)	(394)
Foreign currency translation effects	(2,083)	(517)
As of June 30 (closing balance)	(2,003)	(317)
Net reserves for losses and loss adjustment expenses	42,551	38,495
Reinsurers' share	14,475	13,908
Gross reserves for losses and loss adjustment expenses	57,026	52,403

The Group establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates are reflected in the operating statements in the period in which estimates

Significant delays occur in the notification of claims and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as at the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Deferred charges relating to retrospective reinsurance assumed totaling USD 156 million and USD 182 million as of June 30, 2005 and December 31, 2004, respectively, have been deducted from reserves for losses and loss adjustment expenses.



in USD millions, as of	06/30/05	12/31/04
Policyholders' contract deposits and other funds		
Annuities	1,818	1,949
Universal life and other investment contracts	10,739	11,203
Policyholder dividends	9,320	9,239
Total	21,877	22,391

The Group, through its subsidiary Kemper Investors Life Insurance Company, has written variable annuity contracts that provide annuitants with certain guarantees related to minimum death and income benefits. The maximum additional potential liability after reinsurance recoveries that the Group would have under these policies at the balance sheet date as of June 30, 2005; would be USD 513 million (December 31, 2004: USD 451 million). The Group believes the realization of such liability is not likely.

Equity component of discretionary participation features (DPF)		
in USD millions,	2005	2004
As of January 1 (opening balance)	1,568	1,627
Change in net unrealized gains/(losses) on investments		
(excluding effect of initial application of "legal quote" legislation in Switzerland)	30	(146
Initial application of the "legal quote" in Switzerland as of June 30, 2004	_	(226
Change in current year period profit	(3)	(10
As of June 30 (closing balance)	1,595	1,245

The Group sells certain insurance and investment contracts containing benefit features for which the amount and timing of declaration and payment are at the discretion of the management of the Group. These benefits may exceed contractual or regulatory minimum participation levels for such contracts, with the remainder allocated to the Group. The table above shows the change in the amount of funds surplus available to the Group after allocations to policyholder liabilities, and which have not yet been declared for bonus. As the investment funds underlying the DPF contracts fluctuate in value, and the bonus paid to policyholders may exceed the contractual or legal minimum, the ultimate DPF amount of this component of discretionary participation features accreting to the Group may differ in amount to that disclosed.

10. Debt

Table 10.1

Debt in USD millions, as of		06/30/05	12/31/04
a) Debt related to capital market	ts and banking activities	-	
Zurich Capital Markets	Notes and loans payable, due within 2005	2,323	2,873
	Notes and loans payable, due 2006–2014	744	726
	Notes and loans payable, due after 2014	_	150
Dunbar Bank	Short-term borrowings	20	19
Centre Solutions (Bermuda) Ltd.	Various debt instruments	77	112
Debt related to capital markets and	banking activities	3,164	3,880
b) Senior debt		-	
Zurich Finance (USA), Inc.	2.75% CHF bond, due July 2006	390	438
	3.5% CHF bond, due July 2008	234	263
	4.5% EUR bond, due September 2014	1,197	1,342
Kemper Corporation	Various debt instruments, due in 2009	27	27
Zurich Insurance Company	3.875% CHF bond, due July 2011	780	880
	Various borrowings and notes	114	99
Other	Various short- and medium-term debt instruments	254	306
Senior debt		2,996	3,355
c) Subordinated debt			
Zurich Capital Trust!	8.376% USD Capital Securities, due June 2037	1,000	1,000
Zurich Finance (UK) p.l.c.	6.625% GBP bond, undated notes	793	848
Zurich Finance (USA), Inc.	5.75% EUR bond, due October 2023	596	668
	4.50% EUR bond, due June 2025	608	-
Subordinated debt		2,997	2,516
Total senior and subordinated debt		5,993	5,871
Total debt		9,157	9,751

On June 15, 2005, Zurich Finance (USA), Inc. issued a 4.5% EUR 500 million bond under the Group's Euro Medium Term Note Programme (EMTN Programme), guaranteed by Zurich Insurance Company on a subordinated basis. The bond is due in 2025 and is callable from June 15, 2015. The coupon is fixed until June 15, 2015, and will then become floating at the three month Euribor plus a spread of 2.2%. In line with the Group's policy of managing its interest rate risk and foreign currency exposure, cross-currency interest rate swaps have been used for fair value hedging of this debt until the first call date. After taking into account the cross-currency interest rate swaps, this issuance has become a floating rate US dollar obligation, with a variable rate coupon being reset every six months.

The size of the Group's EMTN Programme, which allows for the potential issuance of senior and subordinated notes, was increased on March 10, 2005 from a maximum of USD 4 billion to a maximum of USD 6 billion. Issuing entities under the EMTN Programme include Zurich Finance (USA), Inc. and Zurich Finance (UK) p.l.c.

Table 10.2	
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Maturity schedule of outstanding debt		
in USD millions		2005
2005 (six months)		2,468
2006		563
2007		620
2008		273
2009		120
after 2009		5,113
Total		9,157
Table 10.3		
Interest expense on debt in USD millions, for the six months ended June 30	2005	2004
Debt related to capital markets and banking activities	54	37
Senior debt	71	45
Subordinated debt	98	84
Total	223	166



11. Segment information

Tab	۵	1	1	1	
iau			1		

in USD millions, for the six months ended June 30	s for the six months ended June 30 General Insurance 2005 2004		Life Ins 2005	surance 2004
Revenues				
Direct written premiums and policy fees	17,963	17,918	5,413	5,440
Assumed written premiums	672	548	47	32
Gross written premiums and policy fees	18,635	18,466	5,460	5,472
Less premiums ceded to reinsurers	(2,917)	(3,527)	(323)	(286)
Net written premiums and policy fees	15,718	14,939	5,137	5,186
Net change in reserves for unearned premiums	(1,813)	(1,860)	6	(5)
Net earned premiums and policy fees	13,905	13,079	5,143	5,181
Farmers management fees	_	_	-	-
Net investment income	1,330	1,082	3,362	3,095
Net capital gains on investments and impairments	117	95	3,811	1,095
Net gain/(loss) on divestments of businesses	(20)	(46)	(9)	41
Other income	170	232	396	408
Total revenues	15,502	14,442	12,703	9,820
Intersegment transactions	(490)	(259)	(71)	(87)
	10 186	9 556	39	44
Losses and loss adjustment expenses, net of reinsurance	10,186 49	9,556 52	39 5.438	
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance	10,186 49 3	9,556 52 6	5,438	6,860
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance	49 3	52 6		
Benefits, losses and expenses Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance	49	52	5,438 (870)	6,860 (1,780)
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance	49 3 10,238	52 6 9,614	5,438 (870) 4,607	6,860 (1,780) 5,124
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance Underwriting and policy acquisition costs, net of reinsurance	49 3 10,238 4 2,235	52 6 9,614 3	5,438 (870) 4,607 5,115	6,860 (1,780) 5,124 2,077
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance Underwriting and policy acquisition costs, net of reinsurance Administrative and other operating expenses	49 3 10,238 4	52 6 9,614 3 1,962	5,438 (870) 4,607 5,115 868	6,860 (1,780) 5,124 2,077 949
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance Underwriting and policy acquisition costs, net of reinsurance Administrative and other operating expenses Amortization and impairments of intangible assets	49 3 10,238 4 2,235 1,311	52 6 9,614 3 1,962 1,358	5,438 (870) 4,607 5,115 868 664	6,860 (1,780) 5,124 2,077 949 637
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance Underwriting and policy acquisition costs, net of reinsurance Administrative and other operating expenses Amortization and impairments of intangible assets Interest expense on debt	49 3 10,238 4 2,235 1,311 46	52 6 9,614 3 1,962 1,358 55	5,438 (870) 4,607 5,115 868 664 51	6,860 (1,780) 5,124 2,077 949 637 86
Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance (Decrease)/increase in future life policyholders' benefits, net of reinsurance insurance benefits and losses, net of reinsurance Policyholder dividends and participation in profits, net of reinsurance	49 3 10,238 4 2,235 1,311 46 117	52 6 9,614 3 1,962 1,358 55	5,438 (870) 4,607 5,115 868 664 51	6,860 (1,780) 5,124 2,077 949 637 86

Farmers Management

	Services	Other B	usinesses	Corporate Functions		Elimin	ations	Т	otal
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	_	192	276	_	_	8	19	23,576	23,653
<u>-</u>		1,718	2,245	72	66	(131)	(188)	2,378	2,703
_	_	1,910	2,521	72	66	(123)	(169)	25,954	26,356
-		(349)	(221)	(69)	(66)	123	169	(3,535)	(3,931)
-	_	1,561	2,300	3	_	_		22,419	22,425
-		75	46	3	6	_	-	(1,729)	(1,813)
_	_	1,636	2,346	6	6	_	_	20,690	20,612
1,020	980	-	_	_	_	_		1,020	980
72	56	449	342	336	322	(479)	(494)	5,070	4,403
_	1	403	376	78	88	-	_	4,409	1,655
_	_	7	(7)	9	(2)	-	_	(13)	(14)
_	12	130	156	358	196	(375)	(229)	679	775
1,092	1,049	2,625	3,213	787	610	(854)	(723)	31,855	28,411
(1)	(4)	91	(128)	(383)	(245)	854	723	-	_
	AND DESCRIPTION OF THE PROPERTY OF THE PARTY OF THE PROPERTY O	ar in a garang menggan menganan pang inang pendapan ang ang ang ang ang ang ang ang ang a		Server ser i tri i i i i i i i i i i i i i i i i	CAT-MUNICIPALITY CONTRACTOR CONTR	***************************************	a managama Pada an and Orthograph Corpores		
_	-	771	1,287	4	9	(7)	(10)	10,993	10,886
	_	400	361	7	3	10	(4)	5,904	7,272
-	-	134	(44)	69	(47)	(8)	1	(672)	(1,864)
-	-	1,305	1,604	80	(35)	(5)	(13)	16,225	16,294
-	_	115	320	-	-	-		5,234	2,400
-	_	612	796	(9)	2	_	_	3,706	3,709
460	436	163	294	522	360	(357)	(207)	2,763	2,878
23	46	2	3	3	4	_	_	125	194
_	THE PERSON NAMED OF PERSONS ASSESSED.	83	75	471	403	(464)	(420)	223	166
_	_	117	89	3	24	(28)	(83)	536	469
483	482	2,397	3,181	1,070	758	(854)	(723)	28,812	26,110
609	567	228	32	(283)	(148)	_	_	3,043	2,301

Income tax expense attributable to policyholders	(397)	(33)
Income tax expense attributable to shareholders	(791)	(730)
Net income	1,855	1,538
Net income attributable to minority interests	(56)	(54)
Net income attributable to shareholders	1,799	1,484



Table 11.2					
Assets and liabilities by business segment in USD millions, as of	General 06/30/05	12/31/04	Life In 06/30/05	surance 12/31/04	
Assets					
Total investments	72,102	71,627	171,855	179,953	****
Reinsurers' share of reserves for insurance contracts	14,240	14,753	1,733	1,361	***************************************
Deposits made under assumed reinsurance contracts	164	190	10	24	
Deferred policy acquisition costs	2,202	2,143	8,364	8,932	
Deferred origination costs	_	_	691	736	
Goodwill	152	164	463	514	
Other related intangible assets 1	-	_	769	860	
Other assets	14,442	14,286	10,169	11,344	
Total assets after consolidation of investments in subsidiaries	103,302	103,163	194,054	203,724	***************************************
Liabilities					
Liabilities for investment contracts	_	**	37,658	40,288	
Reserves for losses and loss adjustment expenses	50,830	52,162	124	116	
Reserves for unearned premiums	13,583	13,293	121	146	
Future life policyholders' benefits	78	174	71,127	79,234	
Policyholders' contract deposits and other funds	845	1,038	14,043	14,232	
Reserves for unit-linked products			36,645	34,875	
Reserves for insurance contracts	65,336	66,667	122,060	128,603	
Debt related to capital markets and banking activities	-	_	_	_	
Senior debt	8,087	8,680	520	679	
Subordinated debt	_	_	_		
Other liabilities	18,893	18,521	22,780	23,459	
Total liabilities	92.316	93.868	183.018	193.029	

¹ Other related intangible assets consists of present value of profits of acquired insurance contracts and attorney-in-fact relationship.

Reserves for losses and loss adjustment expenses	38,437	39,344	103	95
Reserves for unearned premiums	11,568	11,166	117	143
Future life policyholders' benefits	78	174	69,443	77,919
Policyholders' contract deposits and other funds	832	1,011	14,019	14,211
Reserves for unit-linked products	_	_	36,645	34,875
Total reserves for insurance contracts	50,915	51,695	120,327	127,243

Equity		
Common stockholders' equity	20,838	19,574
Preferred securities	1,096	1,096
Shareholders' equity	21,934	20,670
Minority interests	787	840
Total equity	22,721	21,510
Total liabilities and equity	340,432	350,886

		_	3,903	3,938	114	113	(6)	(3)	42,551	43,487
	-	-	745	817	5	9	(2)	(1)	12,433	12,134
(20)1)	(199)	2,447	2,313	455	471	10	5	72,232	80,683
	-	-	3,563	3,631	-	-	(52)	(56)	18,362	18,797
		-	16,015	15,973	-	_	-	-	52,660	50,848
(20	01)	(199)	26,673	26,672	574	593	(50)	(55)	198,238	205,949



Table 11.3 Premiums, revenues and assets by geographical segment	and p for the	ten premiun olicy fees six months I June 30	Rev for the s	enues six months I June 30	Asset	s as of
in USD millions	2005	2004	2005	2004	06/30/05	12/31/04
North America	9,500	9,993	8,675	8,513	66,756	64,167
Europe	14,488	14,219	20,025	16,541	225,062	236,084
International Businesses	1,722	1,772	1,558	1,629	11,713	11,683
Centrally Managed Businesses	920	1,101	2,175	2,141	57,856	57,674
Eliminations	(676)	(729)	(578)	(413)	(20,955)	(18,722)
Total	25 954	26.356	31 855	28 411	340.432	350.886

Review report of the Group auditors

To the Board of Directors of Zurich Financial Services, Zurich

We have reviewed the half year consolidated financial information (operating statement, balance sheet, statement of cash flows, statement of shareholders' equity and notes on pages 1 to 22 of Zurich Financial Services for the six months ended June 30, 2005.

The financial information is the responsibility of the Board of Directors. Our responsibility is to issue a report on the half year consolidated financial information based on our review.

Our review was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Review Engagements (ISREs), which require that a review be planned and performed to obtain moderate assurance about whether the half year consolidated financial information is free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the half year consolidated financial information has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

R Marshall

M Humphreys

Zurich, August 17, 2005



Embedded value results - Life Insurance (unaudited)

in HED will be a feetler in months and all the 20	1U 2005	2004
in USD millions, for the six months ended June 30 Gross new business premiums including deposits	95	125
of which:	33	123
Annual premiums	49	47
Single premiums	46	78
Gross new business annual premiums equivalent (APE)	54	55
Gloss new business annual plethiums equivalent (Arc)		
Embedded value information:		
Opening embedded value	2,402	2,555
Operating profit expected from in-force business and net assets, after tax	76	88
New business profit, after tax	26	31
Operating variance, after tax	66	1
Total operating profit, after tax	168	120
Economic variance	(8)	(31)
Embedded value profit/(loss), after tax	160	89
Dividends and capital movements	(502)	(361)
Closing embedded value before foreign currency translation effects	2,060	2,283
Foreign currency translation effects	_	
Closing embedded value after foreign currency translation effects	2,060	2,283
of which:	***************************************	
Shareholders' net assets	669	1,014
Value of business in-force	1,391	1,269
After-tax operating return before foreign currency translation effects	8.9%	5.5%
After-tax operating return before foreign currency translation effects – annualized	14.3%	10.9%
After-tax return on opening embedded value before foreign currency translation effects	8.4%	4.1%
After-tax return on opening embedded value before foreign currency translation effects – annualized	13.8%	9.5%
Expected return – annualized	8.0%	8.0%
New business profit margin (as % of APE)	48.5%	56.9%
Embedded value economic assumptions:		
Discount rate	7.8%	8.5%
Investment returns before tax:		
Fixed interest	5.0%	5.5%
Equities	7.8%	8.5%
Property	_	_
	2.001	2.00/
Expense inflation	2.0%	2.8%
Attributed tax rate	35.0%	35.0%

30.0%

30.0%

39.9%

43.6%

22.0%

25.0%

25.5%

27.3%

28.8%

					ırope		1			national		
	United 2005	Kingdom 2004	Gei 2005	many 2004	5wit 2005	zerland 2004	Rest c 2005	of Europe 2004	Busi 2005	nesses 2004	2005	Fotal 2004
***************************************	2,698	2,736	365	448	174	259	1,139	644	567	577	5,038	4,789
	228	205	240	254	37	45	79	63	47	44	680	658
	2,470	2,531	125	194	137	214	1,060	581	520	533	4,358	4,131
	475	458	252	274	51	67	185	120	99	97	1,116	1,071
				2,7-4			103	120			1,110	1,071
	6,146	4,270	1,182	830	1,026	433	1,139	1,585	862	739	12,757	10,412
	228	213	43	33	38	16	- 40	47	40	36	465	433
	20	31	40	23	6	- 6	23	14	7	(1)	122	104
	(165)	(18)	(5)	15	129	(29)	48	48	9	(1)	82	16
	83	226	78	71	173	(7)	111	109	56	34	669	553
	36	(46)	(158)	(77)	52	45	18	(4)	(9)	(22)	(69)	(135)
	119	180	(80)	(6)	225	38	129	105	47	12	600	418
	(24)	1,046	61	61	(4)	216	_	(578)	11	3	(458)	387
	6,241	5,496	1,163	885	1,247	687	1,268	1,112	920	754	12,899	11,217
	(414)	104	(125)	(28)	(137)	(6)	(135)	(37)	(20)	(35)	(831)	(2)
	5,827	5,600	1,038	857	1,110	681	1,133	1,075	900	719	12,068	11,215
	3,888	3,406	637	509	633	139	488	466	650	472	6,965	6,006
	1,939	2,194	401	348	477	542	645	609	250	247	5,103	5,209
	1.4%	4.3%	6.6%	9.0%	16.9%	(1.6%)	9.8%	9.1%	6.5%	4.6%	5.5%	5.2%
	5.5%	8.9%	13.6%	16.0%	21.3%	3.5%	15.4%	14.2%	12.0%	9.4%	10.4%	10.2%
	2.0%	3.4%	(6.8%)	(0.8%)	21.9%	8.7%	11.4%	8.8%	5.5%	1.6%	5.0%	3.9%
	6.1%	8.0%	0.2%	6.3%	26.3%	13.7%	17.0%	14.0%	11.0%	6.4%	9.8%	9.0%
	7.6%	8.1%	7.3%	8.0%	7.5%	7.5%	7.1%	7.9%	9.4%	9.8%	7.7%	8.1%
-11	4.2%	6.7%	15.7%	8.5%	12.1%	8.5%	12.6%	12.2%	6.7%	(1.0%)	10.9%	9.7%
	7.3%	8.3%	7.0%	8.0%	7.5%	7.5%	6.8%	7.8%	9.0%	9.9%	7.5%	8.3%
	4.2%	5.2%	3.3%	4.5%	3.1%	3.5%	3.3%	4.6%	5.2%	5.8%	3.7%	4.6%
Min min. 10 1. 10. 10. 10. 10. 10. 10. 10. 10.	6.8%	7.8%	6.8%	8.0%	7.0%	7.0%	6.6%	7.4%	8.7%	9.2%	6.8%	7.8%
	6.5%	7.3%	4.1%	5.0%	4.5%	4.8%	5.1%	5.7%	7.5%	8.5%	4.6%	5.1%
	3.0%	3.0%	1.7%	1.6%	1.0%	1.0%	2.9%	3.4%	3.0%	2.6%	2.4%	2.5%



26.7%

30.3%

31.2%

Life Insurance – Rest of Europe by country (unaudited)

in USD millions, for the six months ended June 30
Gross new business premiums including deposits
of which:
Annual premiums
Single premiums
Gross new business annual premiums equivalent (APE)
New business profit, after tax
Total operating profit, after tax
After-tax operating return before foreign currency translation effects
After-tax operating return before foreign currency translation effects – annualized
Expected return – annualized
New business profit margin (as % of APE)

Embedded value notes: The above information should be read in conjunction with additional notes on the following page.

External Review: Deloitte & Touche LLP ("Deloitte"), our consulting actuaries, have considered any changes in methodology and assumptions applied by Zurich Financial Services Group ("the Group") and considered the Group's analysis of the changes in embedded value since December 31, 2004 for the main life companies of the Group in the USA, United Kingdom, Switzerland, Germany, Ireland, Italy and Spain. Deloitte have reported to the Group that, based on this limited review, they consider that the methodology remains appropriate, that the Group's assumptions are together reasonable and that the embedded value results for these main life companies as of June 30, 2005 have been compiled in a manner consistent with the results previously reported as of December 31, 2004. For the purpose of this report, Deloitte have performed certain checks on data provided by the Group, but have not verified and have relied on the underlying data.

	Italy	9	Spain	lr	eland		European untries	•	Total
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
348	269	515	122	240	224	36	29	1,139	644
9	8	6	5	53	42	11	8	79	63
339	261	509	117	187	182	25	21	1,060	581
43	34	57	17	72	61	13	8	185	120
 7	6	7	2	7	5	2	1	23	14
 27	13	30	22	35	34	19	40	111	109
7.5%	4.7%	15.6%	7.3%	8.5%	10.2%	11.2%	14.2%	9.8%	9.1%
13.2%	10.8%	23.2%	12.1%	13.6%	15.6%	15.6%	18.5%	15.4%	14.2%
 7.3%	8.0%	7.3%	8.0%	6.8%	7.5%	7.3%	8.0%	7.1%	7.9%
16.8%	17.3%	13.0%	15.0%	10.2%	9.1%	10.6%	8.1%	12.6%	12.2%



Additional notes to the embedded value results

- 1. To improve transparency and to reflect management responsibilities, the presentation of the embedded value results has been enhanced. In particular, additional information on the countries within Europe has been disclosed. The results of the United Kingdom include the Isle of Man.
- 2. The after-tax operating return and after-tax return on opening embedded value have been calculated reflecting the incidence of current year capital movements in and out of embedded value.
- 3. For the calculation of the annualized returns it is assumed that the embedded value return in the second half of the year is equal to the expected rate plus the expected value of new business in the second half year (which is assumed to be equal to the new business value in the first half year).
- 4. The Life Insurance segment includes non-insurance subsidiary companies. Where appropriate, we have included the value of these companies in accordance with our embedded value methodology. For those companies for which no embedded value has been calculated, these have been included at their shareholders' equity value, as calculated in accordance with IFRS, which represents approximately 3% of the total published embedded value.
- 5. For both 2004 and 2005, the new business profit and new business premium information are shown gross of any minority holdings although the embedded value is shown net of minority holdings. The minorities share of new business profit is eliminated through "Operating variance, after tax". The minorities share of new business profit mostly relates to our subsidiary Deutscher Herold Lebensversicherung AG. For the total Life Insurance segment, the new business profit and APE net of minority holdings for the six months ended June 30, 2005, are USD 114 million and USD 1,067 million, respectively.
- 6. Effective January 1, 2005, in the USA there was a transfer of capital of USD 512 million from Life to Farmers Management Services, including USD 490 million of surplus notes. The embedded value operating profit includes a net benefit of USD 58 million due to the reduction in cost of capital associated with the transfer of these surplus notes.
- 7. The UK new business profit, after tax, decreased for the six months ended June 30, 2005, compared to last year because it was adversely affected by the transitional measures for the repositioning of the Group's UK life business. These transitional measures reduced the new business profit for the six months ended June 30, 2005, by USD 25 million, which corresponds to an effect of 5.3 percentage points on the UK new business profit margin, and 2.2 percentage points on the total new business profit margin.
- 8. In April 2004, the Group changed the organizational structure of its business units in line with its strategy. As a result, certain life insurance operations have been reclassified to the Other Businesses reporting segment. One of these, Kemper Investors Life Insurance Company ("KILICO"), has written variable annuity contracts that provide annuitants with certain guarantees related to minimum death and income benefits. The Group has recorded provisions for these embedded guarantee features in accordance with its accounting policies set out in the 2004 Annual Report. The embedded value related to KILICO as of January 1, 2004 was USD 357 million. The Group has not determined embedded value results for this company since its reclassification into Other Businesses.

Embedded value methodology

The embedded value represents the shareholders' interest, excluding any value from future new business, in the entities included in the Life Insurance segment in per the IFRS financial statements. It is the total of the shareholders' interest in the net assets of these life insurance entities and the present value of the projected releases to shareholders arising from the business in-force, less a charge for the cost of capital supporting the solvency requirements of the business. The discount rate used to value the in-force business in each country reflects long term government bond rates at the valuation date plus a risk margin. The assumptions for mortality, persistency and expenses reflect recent and expected experience.

All changes in assumptions not classified as "economic" are included in "Operating variance".

Gross new business annual premium equivalent (APE) is calculated as new annual premiums plus 10% of single premiums.

Embedded value profit is the change in the embedded value during the period, after adjustment for any dividends and capital movements. The profit is calculated on an after-tax basis.

Embedded value profit consists of the following components, the first two of which in aggregate are referred to as operating profit, after tax:

- · new business profit, after tax, which represents the value added by new business written during the period, including allowance for the cost of holding solvency capital, and is valued at the point of sale using applicable discount rates;
- · the operating profit after tax from existing business, which is equal to:
 - the profit expected from the in-force business and net assets, after tax, including allowance for the cost of holding solvency capital,
 - the experience variances caused by the differences between the actual experience during the period and the expected experience assumed in the prior year embedded value, and
 - the impact of changes in assumptions of future operating experience;
- · the economic variance, which is equal to:
 - the investment variance caused by differences between the actual and the expected experience over the reporting period, and
 - the change in future economic assumptions, such as changes in discount rates and future investment rates which includes, where appropriate, changes in legislation.

The calculation of embedded values necessarily makes numerous assumptions with respect to economic conditions, operating conditions, taxes, and other matters, many of which are beyond the Group's control. Although the assumptions used represent estimates which the Group and Deloitte believe are together reasonable, actual future experience may vary from that assumed in the calculation of the embedded value results, and such variation may be material. Deviations from assumed experience are normal and are to be expected. The embedded value results have been prepared using generally accepted actuarial methods using deterministic projections that do not allow for all of the cost of options and guarantees on a market consistent basis.

Financial Highlights (unaudited)

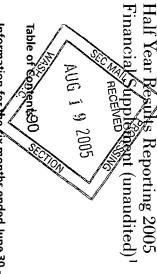
The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2005 and 2004 and the financial position as of June 30, 2005 and as of December 31, 2004. The 2004 amounts have been restated for the implementation of new and revised accounting standards. Certain prior year amounts have also been reclassified to conform to the 2005 presentation.

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Consolidated operating statements

Consolidated operating statements			
in USD millions, for the six months ended June 30	2005	2004	Change
Gross written premiums and policy fees	25'954	26'356	(2%)
Net investment result	9'479	6'058	56%
Business operating profit	2'305	1'978	17%
Net income attributable to shareholders	1'799	1'484	21%
Consolidated balance sheets			
in USD millions, as of	6/30/2005	12/31/2004	Change
Total investments	273'799	282'155	(3%)
Reserves for insurance contracts	219'807	227'087	(3%)
Reserves for insurance contracts and liabilities related to investment contracts	257'220	267'133	(4%)
Senior and subordinated debt	5'993	5'871	2%
Shareholders' equity	21'934	20'670	6%
General Insurance key performance indicators			
for the six months ended June 30	2005	2004	Change
Business operating profit (in USD millions)	1'384	1'260	10%
Combined ratio	96.9%	96.6%	(0.3 pts)
Life Insurance key performance indicators			•
for the six months ended June 30	2005	2004	Change
Business operating profit (in USD millions)	536	440	22%
New business profit margin (as % of APE)	10.9%	9.7%	1.2 pts
Return on common stockholders' equity (ROE)			
returns for the periods ended	6/30/2005	06/30/2004	12/31/04
	18.4%	18.5%	13.4%
Return on common stockholders' equity (ROE)			
Business operating profit (after tax) return on common stockholders' equity	16.5%	16.7%	12.5%
Per share data			
for the six months ended June 30	2005	2004	Change
Diluted earnings per share (in CHF)	14.77	12.84	15%

¹ Returns for the periods ended June 30, 2005 and 2004 are annualized on a compound basis using the results for the six months ended June 30. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. Performance measures for 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.



Information for the fix months ended June 30 - year-to-date

Financial highlights

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- Assets and liabilities by business segment
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General Insurance Segment

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Summary of quarterly consolidated financial information

- 16 Summary of quarterly consolidated financial information
- Certain 2004 amounts have been restated for new and revised accounting standards as discussed in the half-year consolidated financial statements and in this Financial Supplement.

 Certain reclassifications have also been made to 2004 amounts to conform to the current presentation. Interim results are not indicative of full-year results.

Financial highlights (unaudited)

acquisition costs, net of reinsurance 2,235 1,962 868 949 - - 612 796 (9) 2 operating expenses 1,311 1,358 664 637 460 436 163 294 522 360 (35 ments of intangible assets 46 55 51 86 23 46 2 3 3 4 holders and other interest 83 80 361 359 - - 83 75 471 403 46 expenses 14,034 13,162 11,682 9,250 483 482 2,397 3,181 1,070 758 85 income taxes 1,468 1,280 1,021 570 609 567 228 32 283) (148) income taxes 1,468 1,280 1,261 570 609 567 228 32 283) (148) income tax expense attributable to some attributable to some attributable to some	Operating statements by business segment for the six months ended June 30 (unaudited) in USD millions, for the six months ended June 30 Revenues Direct written premiums and policy fees Assumed written premiums and policy fees Less premiums ceded to reinsurers Net written premiums and policy fees Less premiums and policy fees Net change in reserves for unearned premiums Net earned premiums and policy fees Net change in reserves for unearned premiums Net capital gains on investments and impairments Net loss on divestments of businesses Other income Net loss on divestments of businesses Other income Intersegment transactions Benefits, losses and expenses Losses and loss adjustment expenses, net of reinsurance Life insurance death and other benefits, net of reinsurance Insurance benefits and losses, net of reinsurance Policyholder dividends and barticipation in profits, net of reinsurance	Ge Insu 2005 17,963 17,963 17,963 17,963 18,635 (2,917) 15,718 (1,813) 13,905 117 (20) 1170 (20) 170 15,502 (490) 49	General Insurance 155 2004 3 17,918 2 548 5 18,466 7) (3,527) 8 14,939 8 14,939 3) (1,860) 5 13,079 5 13,079 7 95 7 95 00 (259) 0 (259) 0 (259) 0 52 2 14,442 0 9 52 3 6 8 9,614 4 3	5,413 5,413 5,413 47 5,460 (323) 5,143 5,143 6 5,143 6 3,362 3,811 (9) 396 12,703 (71) 710 5,438 (870) 4,607	Life Insurance 15 2004 13 5,440 13 5,440 13 5,472 10 5,472 10 5,472 11 (286) 17 5,186 6 (5) 18 5,181 1 1,095 1	1,0	ervice	ers tees 2004	Ot Busin 2005 192 1,718 1,910 (349) 1,561 75 1,636 449 449 449 449 403 7 7 77 130 130 134	Other Businesses 105 2004 92 276 18 2,245 10 2,521 10 2,521 149) (221) 61 2,300 61 2,346 36 2,346 36 2,346 37 (7) 30 376 7 (7) 30 156 37 (7) 30 158 213 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 7 (7) 30 376 31 (128)	Co Fu 2005 72 72 72 72 (69) 3 3 3 3 3 6 6 78 78 78 78 78 78 78 78 78 78 78 78 78	Corporate Functions 05 2004 72 66 72 66 72 66 73 6 6 6 6 6 6 6 6 87 88 9 (2) 9 (2) 58 196 87 610 88 196 9 (2) 9 (2) 9 (35)				33 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3	33 1 4 4 0 3 3 9 1 1 4 1 1 1 1 9 9 9 1 4
ture life policyholders' benefits, net of reinsurance 3 6 (870) (1,780) - - 134 sses, net of reinsurance 10,238 9,614 4,607 5,124 - - 1,305 d participation in profits, net of reinsurance 2,235 1,962 868 949 - - 115 acquisition costs, net of reinsurance 2,235 1,962 868 949 - - 612 operating expenses 1,311 1,358 664 637 460 436 163 ments of intangible assets 46 55 51 86 23 46 2 holders and other interest 83 80 361 359 - - 83 expenses 1,4034 13,162 11,882 9,250 483 482 2,397 income taxes 1,468 1,280 1,021 570 609 567 228	and loss adjustment expenses, net of reinsurance surance death and other benefits, net of reinsurance	10,186 49	9,556 52	39 5,438	6,860		1 1	1 1	771 400	1,287 361	7	3		_ _	10 (2)	(10)	(10) 1
sses, net of reinsurance 10,238 9,614 4,607 5,124 - - 1,305 d participation in profits, net of reinsurance 2,235 1,962 868 949 - - - 115 acquisition costs, net of reinsurance 2,235 1,962 868 949 - - - 612 operating expenses 1,311 1,358 664 637 460 436 163 ments of intangible assets 46 55 51 86 23 46 2 holders and other interest 83 80 361 359 - - 83 expenses 14,034 13,162 11,682 9,250 483 482 2,397 income taxes 1,468 1,280 1,021 570 609 567 228	(Decrease)/increase in future life policyholders' benefits, net of reinsurance	u i	6	(870)	(1,780		1	1	134	(44)	69	(47		<u>∞</u> ∣δ			1 (4)
d participation in profits, net of reinsurance 4 3 5,115 2,077 - - 115 acquisition costs, net of reinsurance 2,235 1,962 868 949 - - 612 operating expenses 1,311 1,358 664 637 460 436 163 ments of intangible assets 46 55 51 86 23 46 2 holders and other interest 83 80 361 359 - - - 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 : income taxes 1,468 1,280 1,021 570 609 567 228	Insurance benefits and losses, net of reinsurance	10,238	9,614	4,607	5,124		1	,	1,305	1,604	80	(35		ত ৷		(13)	(13) 16
acquisition costs, net of reinsurance 2,235 1,962 868 949 - - 612 operating expenses 1,311 1,358 664 637 460 436 163 ments of intangible assets 46 55 51 86 23 46 2 holders and other interest 83 80 361 359 - - - 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 income taxes 1,468 1,280 1,021 570 609 567 228	Policyholder dividends and participation in profits, net of reinsurance	4	ω	5,115	2,077	7	1	1	115	320	1			1			
operating expenses 1,311 1,358 664 637 460 436 163 ments of intangible assets 46 55 51 86 23 46 2 holders and other interest 83 80 361 359 - - 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 income taxes 1,468 1,280 1,021 570 609 567 228	Underwriting and policy acquisition costs, net of reinsurance	2,235	1,962	868	949		1	1	612	796	(9)	2		1		-	- 3,706
ments of intangible assets 46 55 51 86 23 46 2 117 90 16 18 - - 83 80 361 359 - - 117 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 39 income taxes 1,468 1,280 1,021 570 609 567 228	Administrative and other operating expenses	1,311	1,358	664	637		60	436	163	294	522	360		اقا		(207)	
117 90 16 18 - - 83 holders and other interest 83 80 361 359 - - 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 30 income taxes 1,468 1,280 1,021 570 609 567 228	Amortization and impairments of intangible assets	46	55	51	86		23	46	2	з	w	4		1		1	
holders and other interest 83 80 361 359 117 expenses 14,034 13,162 11,682 9,250 483 482 2,397 income taxes 1,468 1,280 1,021 570 609 567 228	Interest expense on debt	117	90	16	18		1	1	83	75	471	403		<u>4</u>		(420)	
14,034 13,162 11,682 9,250 483 482 2,397	Interest credited to policyholders and other interest	83	80	361	359		1	ı	117	89	w	24	ŀ	æ		(83)	
1,468 1,280 1,021 570 609 567 228	Total benefits, losses and expenses	14,034	13,162	11,682	9,250		83		2,397	3,181	1,070	758		<u>.</u>			28,
1384 1360 536 140 600 555 450	Net income/(loss) before income taxes	1,468	1,280	1,021	570		9	567	228	32	(283)	(148		1		1	
1384 1360 536 440 500 555 450										Income	tax expen	se attribu	table to p	olic	yhol	yholders	yholders (397)
1384 1360 536 440 500 555 450										Income	tax expen	se attribu	table to s	hare	ठू	holders	
1384 1360 536 140 600 555 450										Net inco	ome						_
1384 1360 536 140 600 555 450										Net inco	me attrib	utable to	minority	intere	동	sts	
1 384 1 360 536 740 600 556 35 357 757										Net inco	ome attrib	utable to	sharehol	ders			-
	Business operating profit	1.384	1 260	226	440			528	158	υ Λ	(282)	(212)		1			300 C

Zurich Financial Services Group Financial highlights (unaudited)

Assets and liabilities by business segment (unaudited)	General Insurance 06/30/05 12/	ral L ance Insu 12/31/04 06/30/05	Life Insurance 06/30/05 12/	31/04	Farmers Management Services 06/30/05 12/31	/04	Other Businesses 06/30/05 12/3	Corp esses Fund 12/31/04 06/30/05	Corporate Functions 06/30/05 12/3	ions Elimir 12/31/04 06/30/05	Eliminations 06/30/05 12/3	ations 12/31/04	ations Total 12/31/04 06/30/05 1	tal 12/31/04
Assets														
Total investments	72,102	71,627	171,855	179,953	3,707	3,037	35,978	36,711	17,553	17,095	(27,396)	(26,268) 273,799	273,799	282,155
Reinsurers' share of reserves for insurance contracts	14,240	14,753	1,733	1,361	201	199	6,791	6,368	75	84	(1,653)	(1,846)	21,387	20,919
Deposits made under assumed reinsurance contracts	164	190	10	24			2,545	3,122	7	7	(59)	(61)	2,667	3,282
Deferred policy acquisition costs	2,202	2,143	8,364	8,932		1	179	206	ı	1	ı	1	10,745	11,281
Deferred origination costs	ı	1	691	736	ı	ı	ı	ı	ı	ı		ı	691	736
Goodwill	152	164	463	514	1		5	60	5	6	ı	1	625	744
Other related intangible assets 1	1	1	769	860	1,024	1,024	1		1	-	1	ı	1,793	1,884
Other assets	14,442	14,286	10,169	11,344	1,043	950	3,287	3,933	2,036	1,566	(2,252)	(2,194)	28,725	29,885
Total assets after consolidation of investments in subsidiaries	103,302	103,163	194,054	203,724	5,975	5,210	48,785	50,400	19,676	18,758	(31,360)	(30,369) 340,432	340,432	350,886
Liabilities														
Liabilities for investment contracts	1	1	37,658	40,288	ı	t '	1	1	ı	1	(245)	(242)	37,413	40,046
Reserves for losses and loss adjustment expenses	50,830	52,162	124	116	ı	ι	6,767	6,350	148	158	(843)	(1,021)	57,026	57,765
Reserves for unearned premiums	13,583	13,293	121	146	ı	ı	812	880	46	48	(89)	(136)	14,473	14,231
Future life policyholders' benefits	78	174	71,127	79,234	ı	ι	2,813	2,642	455	470	(702)	(668)	73,771	81,852
Policyholders' contract deposits and other funds	845	1,038	14,043	14,232	1	1	7,058	7,197	1	1	(69)	(76)	21,877	22,391
Reserves for unit-linked products	ı	1	36,645	34,875	1	ι	16,015	15,973	ı	ı	ı	. 1	52,660	50,848
Reserves for insurance contracts	65,336	66,667	122,060	128,603	-	ι	33,465	33,042	649	676	(1,703)	(1,901)	219,807	227,087
Debt related to capital markets and banking activities	1	-	1	-	ı	l i	4,253	5,009	ı	-	(1,089)	(1,129)	3,164	3,880
Senior debt	8,087	8,680	520	679	1		1,111	1,247	18,231	16,655	(24,953)	(24,953) (23,906)	2,996	3,355
Subordinated debt	_	1	1	-	ı	Į į	ı	ı	4,348	3,749	(1,351)	(1,233)	2,997	2,516
Other liabilities	18,893	18,521	22,780	23,459	1,769	1,367	7,729	9,058	2,182	2,045	(2,019)	(1,958)	51,334	52,492
Total liabilities	92,316	93,868	183,018	193,029	1,769	1,367	46,558	48,356	25,410	23,125	(31,360)	(31,360) (30,369) 317,711	317,711	329,376
Other related intangible assets consists of present value of profits of acquired insurance contracts and attorney-in-fact relationship	racts and attorney-i	n-fact relation	ship.											

Common stockholders' equity	20,838	19,574
Preferred securities	1,096	1,096
Shareholders' equity	21,934	20,670
Minority interests	787	840
Total equity	22,721	21,510
Total liabilities and equity	340,432 350,886	350,886

Zurich Financial Services Group Financial highlights (unaudited)

Reconciliation of net income before shareholders' taxes and business operating profit by business segment	General	eral	_	Life	Farmers Management	ners ement			Corporate	orate		
for the six months ended June 30 (unaudited)	Insurance	ance	Insu	Insurance	Services	ices	Other Businesses	sinesses	Functions	tions	ਰ	Total
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Net income/(loss) before shareholders' taxes	1,468	1,280	624	537	609	567	228	32	(283)	(148)	2,646	2,268
Adjusted for:												
Net capital gains on investments and impairments, excluding capital markets and banking activities												
and certain securities held for specific economic hedging purposes	(117)	(95)	(95) (3,811) (1,095)	(1,095)	1	3	(303)	(299)	(39)	(88)	(4,270)	(1,578)
Policyholder allocation of net capital gains on investments and impairments		ı	3,711	1,042	1	ı	241	296	ı	ì	3,952	1,338
Net income attributable to minority interests	(17)	(12)	(13)	(3)	ı	t	(1)	(1)	(25)	(38)	(56)	(54)
Net loss/(gain) on divestments of businesses	20	46	9	(41)	1	1	(7)	7	(9)	2	13	14
Foreign exchange differences on intercompany investments	26	41	ľ		1	1	1	-	(26)	(41)	1	1
Restructuring provision and other	4	 	16	į	-	(10)	1	1	1	ı	20	(10)
Business operating profit	1,384	1,260	536	440	609	556	158	35	(382)	(313)	2,305	1,978

General Insurance Segment – (unaudited)

Customer segments reporting – Overview for the six months ended June 30 (unaudited)	Glo Glo	Global Corporate	North	North America Commercial	Eu General	Europe General Insurance	Interi Busi	International Businesses	Centrally Managed Businesses	Managed esses	Eliminations	tions	=	Total
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums and policy fees	4,034	4,176	6,368	6,381	7,137	6,922	1,472	1,433	151	169	(527)	(615)	18,635	18,466
Net earned premiums and policy fees	2,425	2,281	4,469	4,092	6,007	5,712	1,012	926	(8)	68	ı	1	13,905	13,079
Net underwriting result	83	227	109	(1)	321	148	45	56	(135)	10	14	5	437	445
Business operating profit	248	353	424	240	714	509	116	112	(118)	46	-		1,384	1,260
Ratios as % of net parned premiums and policy fees														
Loss ratio	81.4%	74.5%	71.6%	77.1%	72.3%	73.3%	61.4%	59.1%	nm	nnn	n/a	n/a	73.6%	73.5%
Expense ratio 1	15.2%	15.6%	26.0%	22.9%	22.4%	24.1%	34.1%	34.8%	nm	nm	n/a	n/a	23.3%	23.1%
Combined ratio	96.6%	90.1%	97.6% 100.0%	100 0%	94 7%	20 / 10/	92.5%	03 00%	93.9% 1.501.3%	84.5%	n/a	n/a	96.9%	96.6%

Zurich Financial Services Group

$General\ Insurance\ Segment-(unaudited)$

Customer segments reporting – Europe General Insurance by country for the six months ended June 30 (unaudited)	United Kingdom	ingdom	Germany	nany	Switz	Switzerland	=	Italy	St.	Spain	Rest o	Rest of Europe	Eliminations	ations	z ł	Total
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums and policy fees	2,176	2,259	1,638	1,564	1,197	1,158	790	689	641	564	1,092	1,084	(397)	(396)	7,137	6,922
Net earned premiums and policy fees	1,949	1,962	1,091	1,074	838	806	729	625	486	414	914	831		1	6,007	5,712
Net underwriting result	54	22	76	69	86	6	39	39	33	22	36	(10)	(3)	1	321	148
Business operating profit	234	264	125	126	137	59	76	71	56	51	86	(62)	1	1	714	509
Ratios, as % of net earned premiums and policy fees																
Loss ratio	73.1%	74.4%	69.8%	70.7%	73.1% 74.4% 69.8% 70.7% 72.3% 71.8% 71.9%	71.8%		71.8%	71.8% 71.2% 70.3% 74.5% 78.4%	70.3%	74.5%	78.4%	n/a	n/a	72.3%	73.3%
Expense ratio¹	24.1%	24.5%	23.2%	22.9%	24.5% 23.2 % 22.9% 17.5 % 27.4% 22.7 %	27.4%	22.7%	22.0% 22.0%	22.0%	24.2%	24.2% 21.6% 22.7%	22.7%	n/a	n/a	22.4%	24.1%
Combined ratio	97.2%	97.2% 98.9% 93.0% 93.6% 89.8%		93.6%	89.8%	99.2% 94.6	94.6%	93.8% 93.2% 94.5% 96.1% 101.1%	93.2%	94.5%	96.1%	101.1%	n/a	n/a	94.7% 97.4%	97.4%

Customer segments reporting – Europe General Insurance split into								
Commercial and Personal for the six months ended June 30 (unaudited)	Comr	Commercial	Personal	onal	Eliminations	tions	7	Total
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums and policy fees	3,051	3,051 3,141	4,089 3,781	3,781	(3)	-	7,137	6,922
Net earned premiums and policy fees	2,381	2,362	3,626 3,350	3,350	_	_	6,007	5,712
Net underwriting result	109	_	212	148	-	1	321	148
Business operating profit	326	172	388	337	1	1	714	509
Ratios, as % of net earned premiums and policy fees								
Loss ratio	74.5%	74.5 % 76.7% 70.8 %	- 1	70.9%	n/a	n/a	n/a 72.3% 73.3%	73.3%
Expense ratio 1	20.9% 23.4%	23.4%	% 23.4%	24.7%	n/a	n/a	n/a 22.4% 24.1%	24.1%
Combined ratio	95.4%	95.4% 100.1% 94.2% 95.6%	94.2%	95.6%	n/a	n/a	94.7%	97.4%
A to distribute the little of the latest the section of the sectio								

¹ Including policyholder dividends and participation in profits.

General Insurance Segment – (unaudited)

Customer segments reporting – International Businesses Commercial					Rest of International	ernational				
and Personal by region for the six months ended June 30 (unaudited)	Asia/	Asia/Pacific	Latin /	Latin America	Businesses	esses	Eliminations	tions	Total	ai
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums and policy fees	743	731	400	399	344	342	(15)	(39)	1,472	1,433
Net earned premiums and policy fees	525	491	223	183	264	252	_	1	1,012	926
Net underwriting result	34	39	2	(1)	9	18	1		45	56
Business operating profit	71	68	22	13	23	31	ı	1	116	112
Ratios as % of net parned premiums and policy fees										
Loss ratio	59.4%	57.0%	57.4%	59.0%	68.7%	63.1%	n/a	n/a	61.4%	59.1%
Expense ratio 1	34.1 % 35.1%	35.1%	41.7%	41.4%	27.7%	29.7%	n/a	n/a	34.1%	34.8%
Combined ratio	93.5%	92.1%	99.1%	100.4%	96.4%	92.8%	n/a	n/a	95.5%	93.9%

¹ Including policyholder dividends and participation in profits.

ns 2004 2005 - 1,472 - 1,012 - 45 - 45 - 116 - 116 n/a 61.4% n/a 34.1% n/a 95.5%	Eliminatio 2005	2004 553 357 8 8 22 22 22 7%	erso	% 90 90 48 90 90 90 90 90 90 90 90 90 90 90 90 90	Comr 2005 941 649 31 31 86 86 31.3%	Commercial and Personal for the six months ended June 30 (unaudited) in USD millions, for the six months ended June 30 (unaudited) Gross written premiums and policy fees Net earned premiums and policy fees Net underwriting result Business operating profit Loss ratio Expense ratio Combined ratio
[일] 그 그 12 2 2	04	minations 2004 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	Eliminations 2004 2005 2004 553 1 357 1 8 1 22 1 22 1 27 n/a n/a n/a 3 6% n/a n/a n/a 99	rersonal Eliminations 2004 2005 2004 553 - - 1 357 - - 1 8 - - 1 22 - - - 57.9% n/a n/a 6 39.7% n/a n/a 3 97.6% n/a n/a n/a 9	Personal Eliminations 04 2005 2004 2005 2004 30 531 553 - - 1 59 363 357 - - 1 48 14 8 - - - 1 90 30 22 - - - - % 56.6% 57.9% n/a n/a n/a 3 % 39.3% 39.7% n/a n/a n/a 3 % 95.9% 97.6% n/a n/a n/a 9	mmercial Personal Eliminations 2004 2005 2004 2005 2004 880 531 553 - - 1 569 363 357 - - 1 48 14 8 - - 1 90 30 22 - - - 59.8% 56.6% 57.9% n/a n/a 6 31.8% 39.3% 39.7% n/a n/a 3 91.6% 95.9% 97.6% n/a n/a 9

Life Insurance Segment (unaudited)

d) 2005	USA 2004		United Kingdom	နှင့်	Germany	Switze	itzerland	Res	Rest of Furnose	2	Distinguish			*	4	
nd incurance denocite	2004										Ě	מאנע	CHIMINIACIONS	CIOID	~	Total
				2005	2004	2005	2004	2005		2004	2005	2004	2005	2004	2005	2004
Gross written premiums, pointy rees and insurance deposits	557	3,539	3,492	2,156	2,094	1,462	1,601	1,511		1,089	088	923	(2)	1	10,104	9,756
Gross written premiums and policy fees 298	274	1,108	966	1,800	1,772	1,452	1,594	554		527	250	339	(2)	1	5,460	5,472
Net earned premiums and policy fees 222	212	976	857	1,749	1,727	1,441	1,584	530		493	225	308	ı	1	5,143	5,181
Net investment income 158	161	1,504	1,299	792	762	395	421	327		311	186	141	1	1	3,362	3,095
Net capital gains on investments and impairments	(5)) 2,886	690	516	101	71	19	318		152	20	138	1	1	3,811	1,095
Other income (incl. net gain on divestments of businesses)		145	168	162	200	20	14	13	3	6	46	60	1	' '	387	449
Total revenues 381	369	5,511	3,014	3,219	2,790	1,927	2,038	1,188		962	477	647	1	1	12,703	9,820
Insurance benefits and losses, net of reinsurance 110	106	543	535	1,880	1,896	1,508	1,771	439		606	127	210	1	,	4,607	5,124
Policyholder dividends and participation in profits,																
net of reinsurance (4)		3,768	1,566	745	188	14	(10)) 451		119	141	213	ı	,	5,115	2,077
Underwriting and policy acquisition costs, net of reinsurance 36	39	404	377	188	337	110	79	80	0	47	50	70	ı	,	868	949
Administrative and other operating expenses 36	32	249	247	115	114	77	79	88	8	75	99	90	ı	,	664	637
Amortization and impairments of intangible assets 9	10	15	38	23	29	ı	1	'	1	7	ω	2	ı	,	51	86
Interest expense on debt and other interest 89	88	94	62	153	178	23	29	16	6	19	2		1	î	377	377
Total benefits, losses and expenses 276	276	5,073	2,825	3,104	2,742	1,732	1,948	1,075		873	422	586	ı	()	11,682	9,250
Net income before income taxes 105	93	438	189	115	48	195	90	113		89	55	61	ı	,	1,021	570
											ļ					
Business operating profit 105	102	88	145	55	18	156	83	91	-	72	41	20		1	536	440

¹ Including interregion eliminations.

Life Insurance Segment (unaudited)

Rest of Europe by country for the six months ended June 30 (unaudited)	Italy	≺	Spain	5	Ireland	and.	Other European countries	ropean tries	Eliminations	ations	1	Total
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums and policy fees	219	199	114 116	116	110	85	114	135	,	1	557	535
Net earned premiums and policy fees	228	200	102	102	89	69	111	122	,	-	530	493
Net investment income	108	108 104		85 83	82	65	52	59	1	1	327	311
Business operating profit	36	36 12	18	15	12	13	25	32		1	91	72
				i		į						

Zurich Financial Services Group

Additional information (unaudited)

Currency translation impact on key financial figures -	Currency	γ		
General Insurance (unaudited)	translation impact	impact		% change
for the six months ended June 30, 2005	in USD		% change	in local
variance over the six months ended June 30, 2004	million	in %		currency
Gross written premiums and policy fees	466	3%	1%	(2%)
Net investment income	32	3%	23%	20%
Net capital gains on investments and impairments	6	6%	23%	17%
Insurance benefits and losses	(241)	(2%)	(6%)	(4%)

14%	10%	(4%)	189	Insurance benefits and losses
237%	248%	11%	122	Net capital gains on investments and impairments
5%	9%	4%	119	Net investment income
(4%)	0%	4%	351	Gross written premiums and policy fees
5%	8%	3%	145	Insurance deposits
0%	4%	4%	206	Gross written premiums, policy fees and insurance deposits
in local currency	% change in USD	in %	in USD million	for the six months ended June 30, 2005 variance over the six months ended June 30, 2004
% change		translation impact	translatio	Life Insurance (unaudited)
		Currency	Curn	Currency translation impact on key financial figures –

Additional information (unaudited)

Investments: split "Group investments" and "Investments for unit-linked products" (unaudited)
Investments include Group investments and investments for unit-linked products (relative to the implementation of the new accounting standard "SOP 03-01"). Group investments include investments where the Group's Group bears all or part of the investment risk. In contrast, investments for unit-linked products entail investments where product holders bear the investment risk but the respective investment result is included in the Group's operating statements. This investment result for unit-linked products is passed on to the product holders with a corresponding charge in policyholder dividends and participation in profits so that the net effect on the Group's net income is zero. A summary of the investment income, capital gains/losses and impairments recognized in the operating statements including the split between Group investments and investments for unit-linked products is given below.

	Net investment	investment	Net capital gains/(losses) and impairments 1	pital ses) and nents ¹	investment result	nt result
in USD millions, for the six months ended June 30	2005	2004	2005	2004	2005	2004
Group investments						
Cash and cash equivalents	235	122	2	5	237	127
Equity securities	293	259	207	1	500	259
Debt securities	2,659	2,529	886	(11)	3,347	2,518
Investments in associates	96	85	(5)	(77)	91	8
Other investments:						
Short-term investments	33	41	ı	-	33	41
Investments held by investment companies	5	7	126	167	131	174
Real estate held for investment	222	251	42	(2)	264	249
Mortgage loans, policyholders' collateral and other loans	567	500	93	143	660	643
Other ²	36	25	(152)	29	(116)	54
Investment result, gross, for Group investments	4,146	3,819	1,001	254	5,147	4,073
Investment expenses for Group investments ³	(116)	(167)	ı	,	(116)	(167)
Investment result, net, for Group investments	4,030	3,652	1,001	254	5,031	3,906
Investments for unit-linked products						
Investment result, net, for investments for unit-linked products	1,040	751	3,408	1,401	4,448	2,152
Total investments						
Investment result, net, for total investments	5,070	4,403	4,409	1,655	9,479	6,058

Impairments on total investments of USD 35 million and USD 55 million for the six months ended June 30, 2005 and 2004, respectively.

Including net capital gains/(losses) on derivative financial instruments of USD (159) million and USD 12 million for the six months ended June 30, 2005 and 2004, respectively.

Including rental operating expense for real estate held for investment of USD 72 million and USD 80 million for the six months ended June 30, 2005 and 2004, respectively.

Additional information (unaudited)

The details of the investment balances as of June 30, 2005 and December 31, 2004 are given in the tables below.

		Group in	Group investments		Investments for unit-linked products	products	Total investments	stments
Breakdown of investment (unaudited) as of	06/30/05 USD millions % o	0/05 % of total	12/31/04	1/04 % of total U	06/30/05 SD millions	04 06/30/05 12/31/04 06/30/05 % of total USD millions USD millions USD millions		12/31/04 USD millions
Cash and cash equivalents	19,565	10.4%	18,950	9.6%	3,611	3,507	23,176	22,457
Equity securities (including trading equity portfolios in capital markets and banking activities):								
Trading	2,351	1.2%	2,843	1.5%	-	,	2,351	2,843
of which: Trading equity portfolios in capital markets and banking activities	2,155	1.1%	2,773	1.4%	-	,	2,155	2,773
Fair value through profit and loss	1,868	1.0%	2,050	1.0%	68,814	69,037	70,682	71,087
Available-for-sale	11,100	5.9%	12,158	6.2%	_	1	11,101	12,158
Total equity securities	15,319	8.1%	17,051	8.7%	68,815	69,037	84,134	86,088
Debt securities:								
Trading	485	0.2%	540	0.3%	1	1	485	540
Fair value through profit and loss	10,913	5.8%	10,067	5.1%	6,674	7,034	17,587	17,101
Available-for-sale	105,364	55.9%	107,823	54.9%	ı	51	105,364	107,874
Held-to-maturity	5,413	2.9%	5,855	3.0%		,	5,413	5,855
Total debt securities	122,175	64.8%	124,285	63.3%	6,674	7,085	128,849	131,370
Investments in associates	677	0.4%	645	0.3%		1	677	645
Other investments:								
Short-term investments	660	0.4%	1,226	0.6%	726	717	1,386	1,943
Investments held by investment companies	1,789	0.9%	1,789	0.9%	1	,	1,789	1,789
Real estate held for investment	6,360	3,4%	7,193	3.7%	5,437	5,348	11,797	12,541
Mortgage loans	9,278	4.9%	10,251	5.2%	1	1	9,278	10,251
Policyholders' collateral and other loans	12,627	6.7%	14,902	7.6%	ω	4	12,630	14,906
Other	83	ı	165	0.1%	1	,	83	165
Total other investments	30,797	16.3%	35,526	18.1%	6,166	6,069	36,963	41,595
Total investments	188,533	100.0%	196,457	100.0%	85,266	85,698	273,799	282,155

Equity securities (including trading equity portfolios in capital markets		Group in	Group investments		Investments for unit-linked produc	ents for diproducts	Total inv	estments
and banking activities) (unaudited)	06/30/	30/05	12/31/0	1/04	06/30/05	12/31/04	06/30/05	12/31/04
as of	USD millions	% of total	% of total USD millions	% of total	JSD millions	USD millions	USD millions	USD millions
Common stocks, including equity unit trusts	10,693	5.7%	11,571	5.9%	64,528	65,512	75,221	77,083
Unit-trusts (debt securities, real estate, short-term investments)	2,471	1.3%	2,707	1.4%	4,287	3,525	6,758	6,232
Trading equity portfolios in capital markets and banking activities	2,155	1.1%	2,77	1.4%	1	-	2,155	2,773
Total	15,319	8.1%	17,05	8.7%	68,815	69,037	84,134	1 8.7% 68,815 69,037 84,134 86,088

Zurich Financial Services Group

Information for the three months ended June 30, 2005 - three months (unaudited)

amiums (c) amiums (c) amiums (c) (d) (d) (e) (e) (e) (e) (f) (f) (f) (f	Operating statements by business segment for the three months ended June 30 (unaudited) in USD millions, for the three months ended June 30	General Insurance 2005 20	eral ance 2004	Life Insurar 2005	Life Insurance 105 2004	Farmers Management Services 2005	iers ement ices 2004	Other Businesses 2005 20	ier esses 2004	Corporate Functions 2005 200	orate ions 2004	Eliminations 2005 200	ations 2004	To: 2005	Total 2004
Ren premiums and policy fees 8,104 8,175 2,600 2,485 — written premiums 291 286 23 24 — written premiums and policy fees 8,395 8,461 2,633 2,510 — uns caded to reinsurers (1,465) (1,870) (160) (129) — premiums and policy fees 6,930 6,591 2,463 2,381 — premiums and policy fees 7,986 6,930 6,591 2,469 2,381 — premiums and policy fees 7,986 6,951 2,469 2,386 — — 512 49 premiums and policy fees 7,986 6,951 2,469 2,381 — — 512 49 premiums and policy fees 7,980 7,980 5,53 1,801 1,639 37 2 48 — — 512 49 — — — 512 49 — — — 512 49 — <t< th=""><th>Revenues</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>	Revenues														
291 286 23 24	Direct written premiums and policy fees	8,104	8,175	2,600	2,486	1	1	82	119		1	(4)	17	10,782	10,797
8,395 8,461 2,623 2,510 — (1,465) (1,870) (160) (129) — 6,930 6,591 2,463 2,381 — miums 158 19 6 5 — 7,088 6,610 2,469 2,386 — — 512 49 — 512 49 695 553 1,801 1,639 37 2 2 and impairments 70 8 2,640 2,386 — 2 and impairments 70 8 2,640 338 — 2 and impairments 7,990 7,300 7,060 4,550 549 52 2 and impairments 7,990 7,300 7,060 4,550 549 52 2 and impairments 7,990 7,300 7,060 4,550 549 52 2 and impairments 5,193 4,763 20 (11) — 4 bring impairment 5,193 4,763 20 (11) — 4 bring impairment 5,193 4,763 20 (11) — 4 bring impairment 5,193 4,763 2,208 2,270 — <t< td=""><td>Assumed written premiums</td><td>291</td><td>286</td><td>23</td><td>24</td><td>ı</td><td>ı</td><td>970</td><td>1,066</td><td>37</td><td>33</td><td>(41)</td><td>(83)</td><td>1,280</td><td>1,326</td></t<>	Assumed written premiums	291	286	23	24	ı	ı	970	1,066	37	33	(41)	(83)	1,280	1,326
(1,465) (1,870) (160) (129) — smiums 6,930 6,591 2,463 2,381 — 7,088 6,610 2,469 2,386 — — 2,090 7,088 6,610 2,469 2,386 — — 2,090 7,088 6,610 2,469 2,386 — — 2,090 7,080 5,53 1,801 1,639 37 2 2,090 7,300 7,060 4,550 549 52 2,090 7,300 7,060 4,550 549 52 2,004 1,171 1,150 1,183 — 2,004 1,171 1,162) 3 (62) 52 549 52 2,004 1,171 1,025 3 62) 59 4 — 2,004 1,171 1,025 30 2,270 — — 1,171 1,025 506 5,16 — — 1,171 1,025 506 5,16 — — 2,22 40 1,1 9 — — 2,104 1,2 3,18 2,20 — —	Gross written premiums and policy fees	8,395	8,461	2,623	2,510	1	ļ	1,052	1,185	37	33	(45)	(66)	12,062	12,123
policy fees 6,930 6,591 2,463 2,381 — unearned premiums 158 19 6 5 — policy fees 7,088 6,610 2,469 2,386 — Policy fees 7,080 6,95 553 1,801 1,639 37 2 2 2,640 338 — Policy fees 7,990 7,300 7,060 4,550 549 52 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	Less premiums ceded to reinsurers	(1,465)	(1,870)	(160)	(129)	1	ı	(244)	(151)	(34)	(33)	45	66	(1,858)	(2,117)
unearned premiums 158 19 6 5 — policy fees 7,088 6,610 2,469 2,386 — — — — — — 512 49 — <td< td=""><td>Net written premiums and policy fees</td><td>6,930</td><td>6,591</td><td>2,463</td><td>2,381</td><td>ı</td><td>ì</td><td>808</td><td>1,034</td><td>ω</td><td>ı</td><td>1</td><td>1</td><td>10,204</td><td>10,006</td></td<>	Net written premiums and policy fees	6,930	6,591	2,463	2,381	ı	ì	808	1,034	ω	ı	1	1	10,204	10,006
policy fees 7,088 6,610 2,469 2,386 — policy fees 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 553 1,801 1,639 37 2 695 595 695 695 695 695 695 695 695 695	Net change in reserves for unearned premiums	158	19	6	5	1	1	(10)	64	_	ω		1	155	91
1,100 1,10	Net earned premiums and policy fees	7,088	6,610	2,469	2,386	1	1	798	1,098	4	ω	1	1	10,359	10,097
1,000 1,00	Farmers management fees	-	-	ı	ı	512	495		1	1	ı	ı	1	512	495
Stiments and impairments 70 8 2,640 338 -	Net investment income	695	553	1,801	1,639	37	28	185	219	196	196	(250)	(228)	2,664	2,407
f businesses (13) (12) — 4 — 7,990 7,300 7,060 4,550 549 52 ness, net of reinsurance 5,193 4,763 20 (11) — enefits, net of reinsurance 5,193 4,763 20 (11) — policyholders' benefits, net of reinsurance 2 4 2,74 (152) — policyholders' benefits, net of reinsurance 5,225 4,863 2,268 2,270 — policyholders' benefits, net of reinsurance 1,171 1,025 506 516 — tof reinsurance 1,171 1,025 506 516 — intensylvance 1,171 1,025 506 516 — sond other interest 1,171 1,025 506 516 — sand other interest 1,171 1,025 2,234 23 sand other interest 2,24 2,4 1,7 1,90 — sand other interest	Net capital gains/(losses) on investments and impairments	70	8	2,640	338	1	ł	411	(2)	93	128	ı	-	3,214	472
150 141 150 183 -	Net gain/(loss) on divestments of businesses	(13)	(12)	ŧ	4	1	ı	9	(3)	9	(2)		,	ч	(11)
7,990 7,300 7,060 4,550 549 52 Roes, net of reinsurance enefits, net of reinsurance 5,193 4,763 20 (111) - enefits, net of reinsurance 30 96 1,974 2,433 - - policyholders' benefits, net of reinsurance 2 4,863 2,268 2,270 - - tipation in profits, net of reinsurance 1,171 1,025 506 516 - - ion costs, net of reinsurance 649 679 289 295 234 23 ing expenses 649 679 289 295 234 23 fintangible assets 22 24 7 9 - and other interest 42 40 171 190 - 0 sand other interest 7,169 6,677 6,398 4,244 246 25 es 7,169 6,677 6,398 4,244 246 25 es 821 623 662 303 27	Other income	150	141	150	183	1	ı	78	75	172	133	(198)	(114)	352	418
(269) (162) 3 (62) (5) (7) (162) 3 (62) (5) (7) (162) 3 (62) (5) (7) (162) 3 (62)	Total revenues	7,990	7,300	7,060	4,550	549	523	1,481	1,389	474	458	(448)	(342)	17,106	13,878
nses, net of reinsurance 5,193 4,763 20 (11) - enefits, net of reinsurance 30 96 1,974 2,433 - policyholders' benefits, net of reinsurance 2 4 274 (152) - to f einsurance 5,225 4,863 2,268 2,270 - ippation in profits, net of reinsurance 1,171 1,025 506 516 - ion costs, net of reinsurance 649 679 289 295 234 23 rig expenses 649 679 289 295 234 23 ri intangible assets 22 24 22 40 12 2 s and other interest 42 40 171 190 - - es 7,169 6,677 6,398 4,244 246 25 es 821 623 662 306 303 27	Intersegment transactions	(269)	(162)	ω	(62)	(5)	(2)	68	(50)	(245)	(66)	448	342	ı	1
5,193 4,763 20 (11) - 30 96 1,974 2,433 - 5f reinsurance 2 4 274 (152) - surance 1 2 4,863 2,268 2,270 - surance 1,171 1,025 506 516 - 649 679 289 295 234 23 22 24 22 40 12 23 29 44 7 9 - 9 42 40 171 190 - 9 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Benefits, losses and expenses														
30 96 1,974 2,433 — of reinsurance 2 4 274 (152) — 5,225 4,863 2,268 2,270 — surance 1 2 3,135 924 — 649 679 289 295 234 23 22 24 22 40 12 2 59 44 7 9 — 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Losses and loss adjustment expenses, net of reinsurance	5,193	4,763	20	(11)	1	1	400	691	2	37	(10)	(12)	5,605	5,468
of reinsurance 2 4 274 (152) - 5,225 4,863 2,268 2,270 - surance 1 2 3,135 924 - 649 679 289 295 234 23 22 24 22 40 12 23 59 44 7 9 - 1 42 40 171 190 - 1 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Life insurance death and other benefits, net of reinsurance	30	96	1,974	2,433		1	214	184	w	_	18	00	2,239	2,722
5,225 4,863 2,268 2,270 - surance 1 2 3,135 924 - 4,171 1,025 506 516 - 649 679 289 295 234 23 22 24 22 40 12 2 59 44 7 9 - 9 - 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	(Decrease)/increase in future life policyholders' benefits, net of reinsurance	2	4	274	(152)	1		145	(166)	69	(47)	(9)	(2)	481	(363)
surance 1 2 3,135 924 1,171 1,025 506 516 649 679 289 295 234 23 22 24 22 40 12 2 59 44 7 9 0 42 40 171 190 0 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Insurance benefits and losses, net of reinsurance	5,225	4,863	2,268	2,270	1	1	759	709	74	(9)	3	(6)	8,325	7,827
1,171 1,025 506 516 - 649 679 289 295 234 23 22 24 22 40 12 2 59 44 7 9 - 1 42 40 171 190 - 1 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Policyholder dividends and participation in profits, net of reinsurance	1	2	3,135	924	ı	ı	214	73		1	1	ı	3,350	999
649 679 289 295 234 23 22 24 22 40 12 2 59 44 7 9 - 1 42 40 171 190 - 1 7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Underwriting and policy acquisition costs, net of reinsurance	1,171	1,025	506	516	ı	1	256	352	(6)	2	1	1	1,927	1,895
ments of intangible assets 22 24 22 40 12 2 spenders and other interest 42 40 171 190 - 1 expenses 7,169 6,677 6,398 4,244 246 25 income taxes 821 623 662 306 303 27	Administrative and other operating expenses	649	679	289	295	234	231	65	119	267	226	(182)	(96)	1,322	1,454
S9 44 7 9 -	Amortization and impairments of intangible assets	22	24	22	40	12	23		2	_	2	1	1	58	91
holders and other interest 42 40 171 190 - (expenses 7,169 6,677 6,398 4,244 246 25 income taxes 821 623 662 306 303 27	Interest expense on debt	59	44	7	9	ı	1	42	28	246	199	(241)	(205)	113	75
7,169 6,677 6,398 4,244 246 25 821 623 662 306 303 27	Interest credited to policyholders and other interest	42	40	171	190	1	(3)	70	36	2	4	(24)	(35)	261	232
821 623 662 306 303 27	Total benefits, losses and expenses	7,169	6,677	6,398	4,244	246	251	1,407	1,319	584	424	(448)	(342)	15,356	12,573
	N.+ income ///ors) hefore income tayes	801	623	667	20%	303	272	74	70	(110)	34	1	1	1,750	1,305
	אבן ווינטוופי/עצא) טכוטוכ ווינטווה נסאכא		6						- 1		:	-			
									Income	ax expense	attributab	income tax expense attributable to policynoiders	nolders	(245)	(80)
									Income	tax expense	attributab	Income tax expense attributable to shareholders	holders	(447)	(387)
									Net income	me				1,054	879
									Net inco	me attribu	table to mi	Net income attributable to minority interests	ests	(34)	(39)
									Net inco	Net income attributable to shareholders	table to sha	areholders		1,020	840

Business operating profit

775

642

366

246

303

271

34

89

(207)

(144)

ı

1,271

1,104

Zurich Financial Services Group

Information for the three months ended June 30, 2005 - three months (unaudited)

General Insurance by customer segments – Overview	_ Glc	Global	North.	North America	· E	Europe	Intern	International	Centrally Managed	Managed	<u>}</u>	•	I	•
for the three months ended June 30 (unaudited) in USD millions, for the three months ended June 30	Corp 2005	Corporate 2004	Comr 2005	Commercial 05 2004	General 2005	General Insurance 2005 2004	Busir 2005	Businesses 05 2004	Businesses 2005 20	2004	Eliminations 2005 200	ations 2004	Tc 2005	Total 2004
Gross written premiums and policy fees	1,444	1,686	3,442	3,401	2,928	2,892	765	703	90	101	(274)	(322)	8,395	8,461
Net earned premiums and policy fees	1,260	1,167	2,336	2,074	2,999	2,896	512	455	(19)	18	J	_	7,088	6,610
Net underwriting result	(5)	86	63	(9)	205	85	41	28	(83)	35	4	2	225	227
Business operating profit	70	146	281	119	407	269	79	50	(62)	58	,		775	642
Ratios, as % of net earned premiums and policy fees														
Loss ratio	83.9%	75.6%	71.0%	78.8%	72.0%	73.6%	58.3%	56.6%	nm	nm	n/a	n/a	73.7%	73.6%
Expense ratio ¹	16.5%	17.0%	26.3%	26.3% 21.7% 21.2%	į	23.5%	33.5%	37.3%	nm	nm	n/a	n/a	23.2%	23.0%
Combined ratio	100.4%	92.6%	97.3%	100.5%	92.6% 97.3% 100.5% 93.2% 97.1%		91.8%	93.9%	nm	nm	n/a	n/a	96.9%	96.6%

¹ Including policyholder dividends and participation in profits.

Zurich Financial Services Group

Information for the three months ended June 30,2005 – three months (unaudited)

life Insurance - Overview						Europe	ope				International	tional				
for the three months ended June 30 (unaudited)	ASU	_	United	United Kingdom	Geri	Germany	Switze	erland	Rest of Europe	urope ¹	Businesses	esses	Eliminations	tions	7.	Total
in USD millions, for the three months ended June 30	2005	2004	2005	2004	2005	2004		2004	2005	2004	2005	2004	2005	2004	2005	2004
Gross written premiums, policy fees and insurance deposits	283	284	1,875	1,769	1,084	1,023	517	495	885	599	479	524	3	_	5,122	4,695
Gross written premiums and policy fees	150	139	652	576	903	863	512	492	282	255	125	184	3	_	2,623	2,510
Net earned premiums and policy fees	112	107	583	532	873	840	510	491	276	246	115	170	ı	1	2,469	2,386
Net investment income	80	81	831	684	396	397	189	203	172	166	133	108	1		1,801	1,639
Net capital gains/(losses) on investments and impairments	7	(3)	2,132	100	236	183	59	(13)	187	21	19	50	ı	1	2,640	338
Other income (incl. net gain on divestments of businesses)		_	39	62	68	95	11	9	4	(4)	27	24	ı	1	150	187
Total revenues	200	186	3,585	1,378	1,573	1,515	769	690	639	429	294	352	1		7,060	4,550
Insurance benefits and losses, net of reinsurance	56	55	566	246	929	952	533	574	124	322	60	121		,	2,268	2,270
Policyholder dividends and participation in profits,							i	į	!			1))	2
net of reinsurance	4	(4)	2,320	711	366	137	27	(28)	303	(19)	115	127			3,135	924
Underwriting and policy acquisition costs, net of reinsurance	17	17	273	158	93	238	31	42	68	22	24	39		1	506	516
Administrative and other operating expenses	18	16	69	104	54	48	24	50	75	40	49	37	1	,	289	295
Amortization and impairments of intangible assets	5	5	8	20	9	=======================================	1	ı	ı	4	ı	ı	1	ı	22	40
Interest expense on debt and other interest	45	44	46	33	71	98	11	16	4	8	_	ı	ı	ı	178	199
Total benefits, losses and expenses	145	133	3,282	1,272	1,522	1,484	626	654	574	377	249	324	,		6,398	4,244
Net income before income taxes	55	53	303	106	51	31	143	36	65	52	45	28	1	1	662	306
Addition — Application— 1999 by the property of the Control of Con																
Business operating profit	53	95	98	70	29	6	109	49	51	50	26	15	1		366	246

¹ Including interregion eliminations.

Summary of quarterly consolidated financial information (unaudited)

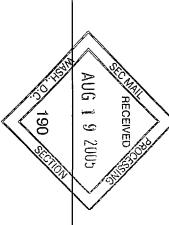
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in USD millions, for the three months ended	5
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Summary of quarterly consolidated financial information (unaudited)						
in USD millions, for the three months ended	06/30/05	03/31/05	12/31/04	09/30/04 06/30/04	06/30/04	03/31/04
Gross written premiums and policy fees	12,062	13,892	11,715	11,165	12,123	14,233
Net earned premiums and policy fees	10,359	10,331	10,987	10,191	10,097	10,515
Net investment income and net capital gains/(losses) on investments and impairments	5,878	3,601	6,458	3,079	2,879	3,179
Other revenues	869	817	1,206	882	902	839
Total revenues	17,106	14,749	18,651	14,152	13,878	14,533
Insurance benefits and losses, net of reinsurance	8,325	7,900	9,210	8,608	7,827	8,467
Policyholder dividends and participation in profits, net of reinsurance	3,350	1,884	4,840	1,512	999	1,401
Other expenses	3,681	3,672	3,765	3,501	3,747	3,669
Total benefits, losses and expenses	15,356	13,456	17,815	13,621	12,573	13,537
Net income before income taxes	1,750	1,293	836	531	1,305	996
Net income attributable to shareholders	1,020	779	608	373	840	644
Business operating profit	1,271	1,034	507	503	1,104	874

Interim results are not necessarily indicative of full-year results.



FINANCIAL SERVICES



Half Year Results Reporting 2005 Analysts' presentation

Zurich, August 18, 2005

Disclaimer and cautionary statement



obligation to publicly update or revise any of these forward-looking statements, whether to reflect new operations and on whether Zurich Financial Services will achieve its targets. Zurich Financial Services undertakes no and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws affected by other factors that could cause actual results and Zurich Financial Services' plans and objectives to differ statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing are predications of or indicate future events, trends, plans or objectives. Forward-looking statements include information, future events or circumstances or otherwise. markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured (i) general economic conditions and competitive factors, particularly in our key markets; (ii) performance of financial conditions, dividend policy and underwriting claims improvements. Undue reliance should not be placed on such materially from those expressed or implied in the forward looking statements (or from past results). Factors such as Certain statements in this document are forward-looking statements, including, but not limited to, statements that

associations, etc) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or be engaged in only with relevant persons. persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant investments or (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated This communication is directed only at persons who (i) have professional experience in matters relating to investment or investment activity to which this communication relates is available only to relevant persons and will

are not necessarily indicative of the full year results. Persons requiring advice should consult an independent adviser It should be noted, that past performance is not a guide to future performance. Please also note that interim results

Agenda



- Introduction
- Half year results 2005
- Q&A

James J. Schiro

Patrick O'Sullivan



Introduction

James J. Schiro
Chief Executive Officer

August 18, 2005

Financial highlights



12.5%	16.7%	16.5%	Business operating profit (after tax) ROE ³
13.4%	18.5%	18.4%	Return on common stockholders' equity (ROE) ³
12/31/04	06/30/04	06/30/05	
1.2pts	9.7%	10.9%	Life Insurance new business profit margin ²
\$ 0.20 0.20 	96.6%	96.9%	General Insurance combined ratio
21%	1,484	1,799	Net income attributable to shareholders
17%	1,978	2,305	Business operating profit
-2%	26,356	25,954	Gross written premiums and policy fees
Change	20041	2005	in USD millions for the six months ended June 30

Certain 2004 amounts have been restated for implementation of several new and revised accounting standards and to conform to the current presentation of our segments.

As % of APE (Annual Premiums Equivalent)

based on financial information as restated. ROE is based on net income attributable to common stockholders. 30. Returns for the period ended December 31, 2004 are for the year ended December 31, 2004. Performance measures for 2004 periods are Returns for the periods ended June 30, 2005 and 2004 are annualized on a compound basis using the results for the six months ended June



Half year results 2005

Patrick O'Sullivan
Group Finance Director

August 18, 2005

Business operating profit by segment



40 22% 56 10% 35 351% 13 -22%	440 556 35 -313		Life Insurance Farmers Management Services Other Businesses Corporate Functions
04 Change	2004	200 5	in USD millions for the six months ended June 30 General Insurance

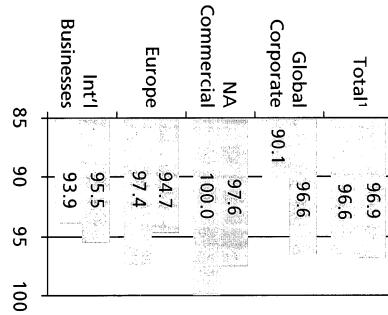
General Insurance key performance indicators



Business operating profit

_				
	10%	1,260	1,384	Total
	ח	46	<u>-1</u>	Centrally Managed Businesses
6	4%	112	<u>-</u>	International Businesses
3	40%	509	714	Europe
_	77%	240	424	North America Commercial
	-30%	353	248	Global Corporate
	2004 Change	2004	2005	in USD millions for the six months ended June 30

Combined ratio (%)



¹ Including Centrally Managed Businesses and inter-segment eliminations

^{☐ 6} months 2005☐ 6 months 2004

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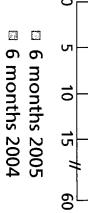
Life Insurance key new business indicators



Business operating profit by business unit

) -				•	
0 5 10 15					
-1.0	Businesses -1.0				
6.7	Int'i	22%	440	536	Total
12.6	Rest of	105%	20	4	International Businesses
8.5	Switzerland	26%	72	9	Rest of Europe ³
	Colliany	88%	83	<u>၂</u> မာ ဇာ	Switzerland
15.7		206%	18	Ş.	Germany
4.2	CX	-39%	145	© ©	United Kingdom²
48.5 56.9	VS	3%	102	3	United States
10.9 	Total	Change	2004	2005	in USD millions for the six months ended June 30
		A commence of a substance of a substance			

As % of Annual Premiums Equivalent, after tax



Including the Isle of Man

Including eliminations

New business profit margin¹

Business operating profit by segment



in USD millions for the six months ended June 30	2005	2004	Change
General Insurance	1,384	1,260	10%
Life Insurance		440	22%
Farmers Management Services	9	556	10%
Other Businesses	Ö	35	351%
of which: Farmers Re		92	23%
Corporate Functions	-382	-313	-22%
Total	2,305	1,978	17%

Investment performance of Group investments



294% 29% 1.7pts	254 3,906 175,124 1.7%	1,001 5,031 187,699 3,4%	Net capital gains on investments and impairments Net investment result Average investments ¹ Total return ²
10%	3,652	4,030	Net investment income
Change	2004	2005	in USD millions for the six months ended June 30

Excluding average cash received as collateral for securities lending

Before investment expenses and not annualized

Q&A

ZURICH

Appendix



Farmers Exchanges¹ financial highlights



				Surplus Ratio	Ending Surplus	Net surplus change (YTD)	Net underwriting result	Gross written premiums	for the six months ended June 30	in USD millions
				37.4%	4,466	320	296	7,277		2005
				37.0%	3,916	231	68	7,083		2004
		3'300	3'500	3'700	3 900		4'100	4'300	4'500	
Surplus	FY FY FY FY HY 2001 2002 2003 2004 2005						1	ı		
→ Surp	FY FY 2003 200					\$. To 8				
→ Surplus ratio	Y HY 04 2005									
-		30%	32%		34%	36%	, ,	38 %	40%	

Zurich Financial Services has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly its services. owned subsidiary of the Group, provides management services to the Farmers Exchanges and receives a fee for

line of business Farmers Exchanges – combined ratio by



for the six months ended June 30	2005	2004	Change
Auto	97.8%	100.8%	3.0pts
Homeowners	80.1%	84.8%	4.7 ots
Commercial P&C ¹	99.1%	100.1%	
Workers' Compensation	96.6%	102.3%	5.7pts
Specialty	87.2%	90.2%	3.0pts
Total	94.4%	97.7%	3.3pts
Adjusted combined ratio ²	87.7%	90.7%	3.0pts

Excludes earthquake losses before quota share treaties

Adjusted for profit portion of management fees

Half Year Results Reporting 2005 Media presentation

Zurich, August 18, 2005

Disclaimer and cautionary statement



markets; (iii) levels of interest rates and currency exchange rates; (iv) frequency, severity and development of insured (i) general economic conditions and competitive factors, particularly in our key markets; (ii) performance of financial Certain statements in this document are forward-looking statements, including, but not limited to, statements that materially from those expressed or implied in the forward looking statements (or from past results). Factors such as operations and on whether Zurich Financial Services will achieve its targets. Zurich Financial Services undertakes no affected by other factors that could cause actual results and Zurich Financial Services' plans and objectives to differ claims events; (v) mortality and morbidity experience; (vi) policy renewal and lapse rates; and (vii) changes in laws conditions, dividend policy and underwriting claims improvements. Undue reliance should not be placed on such and regulations and in the policies of regulators may have a direct bearing on Zurich Financial Services' results of statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be statements regarding our targeted profit improvement, return on equity targets, expense reductions, pricing are predications of or indicate future events, trends, plans or objectives. Forward-looking statements include obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

investment or investment activity to which this communication relates is available only to relevant persons and will associations, etc) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) or investments or (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated persons). This communication must not be acted on or relied on by persons who are not relevant persons. Any to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant This communication is directed only at persons who (i) have professional experience in matters relating to be engaged in only with relevant persons.

are not necessarily indicative of the full year results. Persons requiring advice should consult an independent adviser. It should be noted, that past performance is not a guide to future performance. Please also note that interim results

Agenda



- Introduction
- Half year results 2005
- Q&A

James J. Schiro Patrick O'Sullivan



Introduction

James J. Schiro Chief Executive Officer

August 18, 2005

Financial highlights



41 Change	26 2%	% 	34 21%	% = -0.3pts	% 1.2pts	04 12/31/04	13.4%	% 12.5%
20041	26,356	1,978	1,484	%9'96	9.7%	06/30/04	18.5%	16.7%
2005	25,954	2,305	1,799	%6.96	%6.0	90/02/90	%7.8	16.5%
in USD millions for the six months ended June 30	Gross written premiums and policy fees	Business operating profit	Net income attributable to shareholders	General Insurance combined ratio	Life Insurance new business profit margin ²		Return on common stockholders' equity (ROE) ³	Business operating profit (after tax) ROE ³

Certain 2004 amounts have been restated for implementation of several new and revised accounting standards and to conform to our current presentation of our segments.

As % of APE (Annual Premiums Equivalent)

Returns for the periods ended June 30, 2005 and 2004 are annualized on a compound basis using the results for the six months ended June 30. Returns for the period ended December 31, 2004 periods are based on financial information as restated. ROE is based on net income attributable to common stockholders.



Half year results 2005

Patrick O'Sullivan

Group Finance Director

August 18, 2005

Business operating profit by segment



in USD millions for the six months ended June 30	2005	2004	2004 Change
	7 88	1,260	
and the second s	2 <u>.</u> 90 2.30	440	22%
Farmers Management Services	609	256	10%
	8	35	351%
And the second of the second o	-382	-313	-22%
The state of the s	2,305	1,978	17%

General Insurance key performance indicators



Business operating profit

Combined ratio (%)

	The same of the sa			the second secon
in USD millions	2005	2004 Change	110407	6.96
for the six months ended June 30			lotal	9.96
Global Corporate	248	353 =30%	Global	9.96
North America Commercial	424	240 77%	Corporate	06
Europe	714	509 40%	AN .	9.76
International Businesses	<u>C</u>	112 4%	Commercial	100.0
Centrally Managed Businesses	-118	46 mm	Europe	94.7 97.4
Total	1,384	1,260 10%	- ,+4	95.5

100

95

90

85

93.9

Businesses

95.5

¹ Including Centrally Managed Businesses and inter-segment eliminations

Life Insurance key new business indicators



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New business profit margin¹

in USD millions for the six months ended June 30	2005	2004	2004 Change	Total	10.9
United States	Ç	102	%6	NS	48.5
United Kingdom ²	8	145	-39%	A N	4.2
Germany	Ŋ	18	206%		15.7
Switzerland	92	83	88%	Germany	8.5
Rest of Europe ³	5	72	76%	Switzerland	12.1
International Businesses		20	105%	Rest of	12.6
Total	236	440	22%	Ediope Int'l	6.7
	The state of the s		(Marie 1997) 1997 1997 1997 1997 1997 1997 199	Businesses	-1.0

As % of Annual Premiums Equivalent, after tax

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6 months 20056 months 2004

Including the Isle of Man

Including eliminations



Business operating profit by segment



in USD millions for the six months ended June 30	2005	2004	2004 Change
General Insurance	1,384	1,260	10%
Life Insurance	236	440	22%
Farmers Management Services	S	256	10%
Other Businesses	158	32 20 32	351%
of which: Farmers Re	(1)	92	23%
Corporate Functions	-382	-313	-22%
Total	2,305	1,978	17%



Investment performance of Group investments



in USD millions for the six months ended June 30	2005	2004 Change
Net investment income	0	3,652
Net capital gains on investments and	5	254 294%
Net investment result	203	3,906
Average investments ¹	187,699	175,124 7%
	3.4%	1.7% 1.7pts

¹ Excluding average cash received as collateral for securities lending

² Before investment expenses and not annualized

Q&A